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NATION'S BUSINESS

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NOVEMBER • 1933 Shifting Billions in Farm Loans—Taking Workers
from the City—How the New Codes Compare

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

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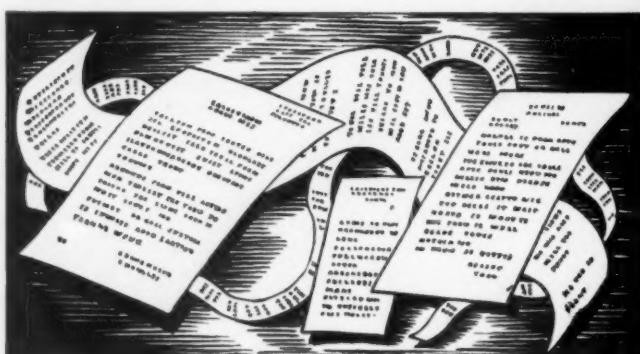
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November • 1933

★ ★ ★

Coal—An Insider's Story

As told to HERBERT COREY by Holly Stover

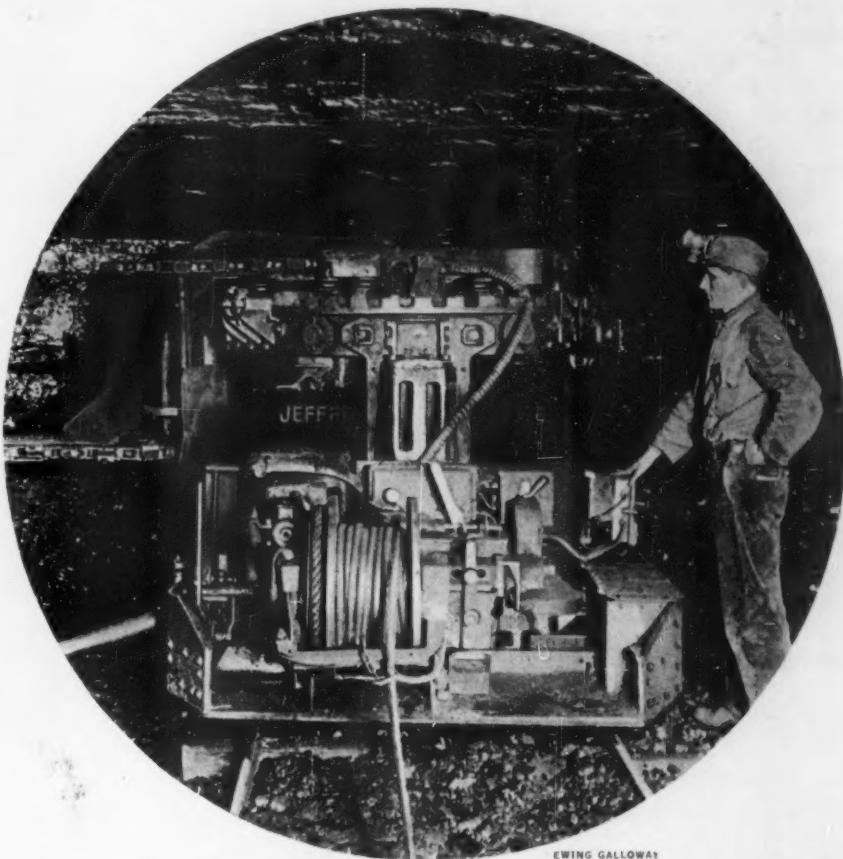
COAL seems always in controversy. Why? A man who grew up in the mines but has no present financial interest in the industry sat in our office and told us. Mr. Corey set down what he said

★ I THINK I know something about the coal business. If I don't I have been wasting my time. I began as a trapper boy. My job was to open and close the ventilating doors in a southern mountain mine. When I was promoted to brakeman I got almost too big for my breeches. Mules hauled the coal cars through the mine galleries in those days. Mule power was saved by uncoupling them at the top of a grade and letting the cars coast down. All I had to do was to ride that cut of cars and handle the brakes.

Mines were mines in those days. Not underground factories. There are no mules in the coal fields nowadays. The cars are hauled by electricity. The other day I saw a picture of a miner with a candle in his hat. That's out, too. The worker uses an electric or carbide light. No miner lies on his side and picks away at a breast of coal, either. He had to do it that way once. Then bore a set of holes with an old-fashioned breast auger and tamp in the black powder with a wad of newspaper. Now he runs a mechanical saw that makes a cut in the time it used to take him to pick out his tools and cuss his helper.

When I was switched to the furnace I would not have traded jobs with the President. At that time mines were ventilated by furnace draft. A hole was run down from the surface. A tall shaft was built over it. At the foot, a big fire was kept roaring. It sucked the bad air out of the mine. Electric fans keep the air circulating now.

Mining is the biggest gamble a man can get in. It is not like running a department store or a farm or a paper mill. In every other industry you can at least guess what is going to happen. You can't in mining. I know one man who lost



EWING GALLOWAY

Today's mines are underground factories. No man lies on his side and picks away at a breast of coal

\$300,000 on a mine and it was sold at sheriff's sale for \$5,000. The man who bought it made half a million. He was no better coal operator than the other. In mining you meet all the hazards that any business meets and you add some of your own.

Hit from all directions

EVERY time the weather turns warm or a strike is settled in England or someone cancels an order for automobiles or feather fans you get it in the neck. All the time you are responding to all the general ups and downs, just as any other business man is.

Then, maybe, someone runs a pipe line into your territory and brings in gas. That happened in Ohio just lately. Ohio is underlaid with coal. But the gas came in and closed some mines. Or you drive ahead in a big, fat vein, no trouble

with the miners, all the machines new and running easy, plenty of freight cars, good contracts ahead, nothing but roast turkey and waffles in prospect, and you run into an upthrust of rock. No engineer in the world could foresee it. But your mine is shot. Or the roof goes soft on you. One man I know was sitting as pretty as a girl in a beauty contest. He was mining the lower of two veins. His vein was nice and dry. The upper vein was wet. A man came along:

"I'll give you a good price for that mine of yours."

"Not me," said my friend. "You won't give me anything. That mine isn't for sale. It's the finest mine—"

A miner came running up the village street:

"Hell to pay," he said. "They let off a shot in the upper mine and it blew a hole through our roof and all the water is draining down."

So the upper mine was nice and dry and the lower mine was just about washed out.

If nothing else happens there can be a strike. Maybe a strike on the docks or in the yard. Or the vice president of some company, who has been running the factory ever since the old man died, because the young fellow is learning how to play baccarat at Monte Carlo all of a sudden gets it in his head to buck the market. So the factory closes and throws your men out of a job. Anything can happen in the mining business. What's more, it does happen.

When I was 21 years old I had done everything that can

tries to get over to the public that he is paying every penny in wages that he can pay—

"Labor costs us 60 per cent of the price we get for our coal," it was testified in the code hearings by the spokesman for the operators of one state, "and the railroad freight two-thirds of what we have left. Then all we have to do is to pay royalties and rents and compensation costs and for safety devices and machinery, and interest and overhead out of the remainder. We never think about dividends any more. There haven't been any—"

Coal mines and humanitarians

BUT whenever an operator starts to show the public that the coal business is up against it, hard, some humanitarian begins to quote from that speech which Sam Gompers used to make:

"That poor woman was forced to go into the dark, dripping tipple of the mine and suffer motherhood's sacred agonies on a car from which her mates had dumped the coal—"

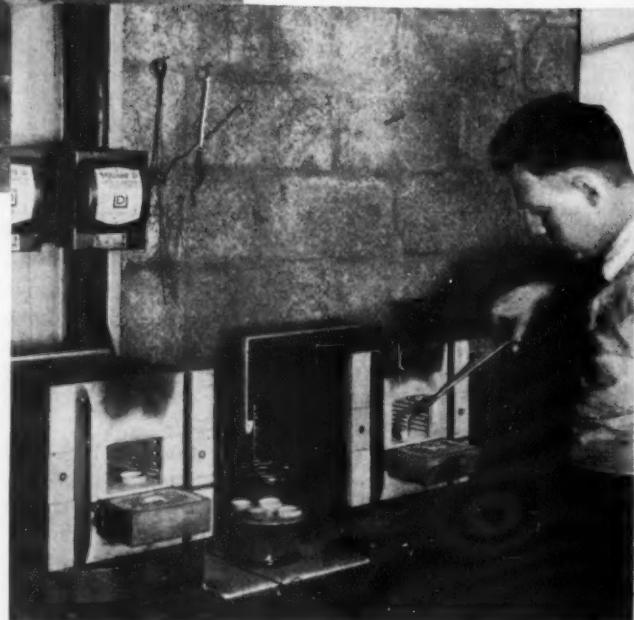
I don't know why she felt she had to do that. If her husband worked in a mine she had a home to go to. I do not deny that there are wrong-headed operators here and there. They do the wrong thing, they quarrel with their miners, they will not come out and talk business with the men, and they are in trouble all the time. There are wrong-headed

miners, too, who make a living by raising Cain with the operators. But, taken as a whole, the operator wants peace. He would be a sucker to want anything else. If he can't make money when his men are working, he can't make it when they are standing around calling him names and listening to some agitator say he is a rich man who is grinding the faces of the poor.

An operator has the toughest job in the business world today. If he is able to keep his mine running, he is, probably, just digging into his pocket for the losses in the hope that he



The working miners are not radicals. They are willing to be fair when they know the facts



Scientists found out how to get twice as much power out of coal. That hurt coal markets

be done underground. I don't know how many thousand tons of coal I have mined and loaded. Then an old mine owner decided he could use me on the outside as a salesman. I have been in the business ever since, until a few years ago. The coal business looked good just then. It has a way of looking good now and then. Everyone said that it was the time to buy. We were never to have any more hard times.

I got the top of the market and I sold. I haven't a nickel invested in coal today. If every mine in the country closed down tomorrow, it would not touch me. What I am about to say is not colored by my personal interest. Someone should tell the truth about the coal operator's side of the business. He never has told it for himself. Whenever a coal operator

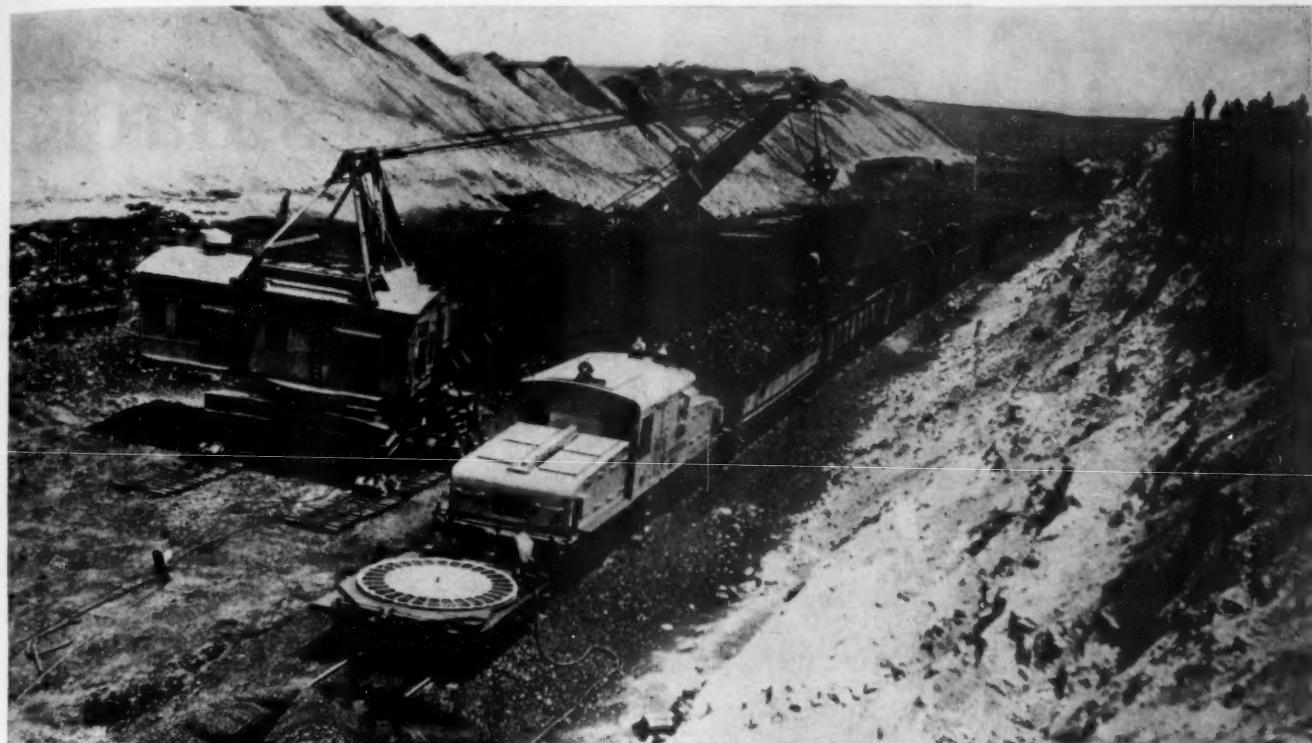
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In some places coal appears on the hillsides. It costs more to clear a farm than to open a mine



Coal can't be stored in cars because of demurrage. It must be sold quickly

can make the money back some day. If he is paying expenses nowadays he is a wizard and if he is making money he is a miracle. Yet there never was a class of employers so persistently be-damned. The public thinks of King Coal. Coal isn't a king any more. It isn't even a three-spot. It has been a dwindling business ever since oil and gas and hydro-electricity began to come up. The politicians yell about the coal "barons." The word is really "barren."

Let us look at the record, as shown by the 1931 report of the U. S. Bureau of Mines. I have not seen the report for 1932. Some of the early figures show that it will be worse. In 1913 there were 5,776 commercial bituminous mines in the United States. Eighteen years later, in 1931, there were only 5,642. If money is being made in the coal business those figures do not show it. In 1913, some 477,529,000 tons were produced. In 1931, only 382,089,000 tons were mined. In 1931 the grand average value of coal, f.o.b. cars, had declined to \$1.54 a ton, which was the lowest price since 1916. That wasn't enough trouble for the coal operators. Just to

make it good, they lost 1,557,320 man-days through strikes.

The coal business is the easiest in the world to get into and the hardest to get out of. It costs more to clear a farm than it does to open a mine. In the Appalachian Field the coal appears as an out-crop on the hillside. All you have to do is to clear away the rubbish and begin digging coal. When times are good you put all the money you make into the mine. You build cottages for the miners and fix the streets and put in new machinery. Then times go sour and the bank gets you.

Bankers want to stay out

THE bank never wants to get you. Bankers are too smart to go into the mining business. When times begin to pick up the banker lets you operate your mine again in hope that you can clear off some of the debt. By this time the debt has grown. It takes all the money you make. Then business drops off again and you sit around and wait for it to recover. There is coal in 30 states. Someone has estimated that there is three thousand years' supply in sight. Whenever business begins to pick up, optimists will uncover some new mines. The lucky ones do not go broke. They just help break the men who have been in the business all the time.

Under the new coal code the miner's wages were increased. That is an additional handicap for the operator. He would not object if he could sell his coal. The happiest time for any employer is when he can pay his men high wages because then he is selling his product for a profit that puts money in his pocket as well as in theirs. But the code will compel an increase in the price of coal at the mine mouth from one dollar to two dollars a ton. The Government's own statisticians admit that. If the operators can get the money they will be all right. What they want to know is whether they can get it.

In 1899 we were producing approximately 200,000,000 tons of soft coal. In a decade the consumption of coal doubled. If that rate had been maintained we would now be producing 750,000,000 tons or thereabouts. In fact, we are

(Continued on page 69)

Putting City Workers Back

By WARREN BISHOP

A CLAUSE of the National Industrial Recovery Act provides \$25,000,000 for loans to help city people buy "subsistence homesteads." How this clause may change our whole way of living is described here



THE National Industrial Recovery Act had two chief sections. One authorized industries to set up codes of fair competition and waived the antitrust laws when they were in conflict with any approved code. The second set aside \$3,300,000,000 for various forms of public works.

Tucked away in the second part of the bill is section 208, which may well prove to have in the end a greater effect on the American way of living than the code provisions of the act or the great expenditures for public works. The section is worth quoting:

To provide for aiding the redistribution of the overbalance of population in industrial centers, \$25,000,000 is hereby made available to the President, to be used by him through such agencies as he may establish and under such regulations as he may make, for making loans for and otherwise aiding in the purchase of sub-

sistence homesteads. The moneys collected as repayment of said loans shall constitute a revolving fund to be administered as directed by the President for the purposes of this section.

This is, I think, the first time that the Congress of the United States has put itself on record as favoring the decentralizing of cities and has appropriated money for that purpose. Already plans are being made for utilizing this fund for experiments in providing workmen with small plots of ground on which they may raise at least a part of their own food.

A "Subsistence Homestead Administration" has been set up under the direction of M. L. Wilson, who has been one of President Roosevelt's advisers on agricultural matters and who has served as a Wheat Production Administrator under the Agricultural Adjustment Administration.

Working with him is an advisory committee of business men, agricultural experts and social workers with Senator Bankhead as chairman. This committee has met and discussed plans, considered suggestions, attempted to define a "subsistence homestead," and decide just what sort of a man should be put on it. At the beginning the question came up, "shall our work be devoted to aiding the unemployed or to providing the man at work with a means of using spare time?" The act talks of loans, repayment and revolving funds. Obviously the hope of repayment and the continued existence



In New England there has been a marked movement in recent years of both overalled and white collared workers to small farms within driving distance of their jobs

EWING GALLOWAY

Work on the Farm

of the fund is small if the work be largely confined to placing the permanently unemployed on some sort of part-sustaining homestead. Moreover the purpose of the Act—to redistribute population in industrial centers—might seem to imply a relocation of men who are actually at work or who have fair chances of getting back.

The subsistence homestead movement faces the fact, however, that many men now out of work will never return to regular employment. Various factors are bringing this about. One is the matter of age. The depre-



In the South are large areas which are unsuitable for cotton, yet the farmer knows little else
EWING GALLOWAY



There are few of us who do not at times long for a small tract of land and growing things
EWING GALLOWAY

sion has lasted four years. In those four years many men have passed the employment line. Industry hesitates to hire or even rehire the man over 45. In those four years a great army of youth has reached the employment age and is pressing for jobs. Another factor is mechanization. Even in bad times the march toward substitution of the machine for the man does not stop. A return of good times would speed up that process.

Can a part of this standing army of unemployed be cared for by placing them on homesteads? Can they be shown how to become at least partially self-supporting?

The leaders in the movement are inclined to say "yes" to

both these questions and to feel that experiments along this line come properly within the scope of the law. The first announced project will illustrate the method.

The Subsistence Homestead Division has arranged to buy an 1,100 acre farm in West Virginia near Morgantown. Here 200 coal miners from this area will settle with their families. These men are not only out of work, but are not likely ever to go back to mining. Many have been without employment for five years or more. This condition is common in a large part of the soft coal area. One estimate puts the number of men nominally miners, but who are no longer needed in the industry, at 200,000. Under this plan each family will have from two to four acres for raising vegetables, fruit, poultry and other foodstuffs. The homes will cost about \$2,000 each and will be sold under a 20 year purchase plan with low interest rates.

To supply the cash income needed for such other things as clothing, the project will include construction of a factory in which special equipment needed by the Post Office Department will be turned out and in addition handicraft industries are to be developed.

Another type of experiment that seems to fit still more closely into the purpose of the law is the moving of workers from industrial cities into the nearby country where they can devote spare time to raising food while retaining jobs in city factories. The case of Dayton, Ohio, is in point and the

(Continued on page 54)

No Business Can Escape Change

VA new, low-cost, electrical water-purifying process for industrial and municipal use is said to kill bacteria, to remove iron, sulphur, gases, odors without use of chemicals. The equipment is built to treat any volume of water in motion. . . .

In a bathroom lavatory and bowl of new design the supply tank for the bowl is built into the back of the lavatory, giving a dressing-table effect to the latter. Connections are concealed. . . .

Ventilation, light distribution is said to be improved, glare eliminated by a new wood-fabric window shade which utilizes narrow, bevel-edged splints. It's available in many colors, finishes. . . .

A new, low-priced miniature camera, moulded entirely from synthetic plastic, is on the market. It weighs three ounces, is three inches high, takes six snaps ($1\frac{1}{4} \times 1\frac{1}{16}$) on a tiny roll film. . . .

Made of flexible wire fabric, a new fireplace screen is suspended from a fixed rod, slides, curtain-like, to each side of the fireplace opening. . . .

For rural use there's a new oil reading lamp which—lifted from its metal base, its parchment shade removed and a handle inserted—is quickly converted into a lantern. . . .

A new, compact developing unit makes black and white positive prints directly, without the use of a negative. It develops prints up to 36 inches in width, can be used by anyone having a blue-printing machine. . . .

A continuous core of flavoring syrup is contained in a new ice cream bar. This "ice-cream sundae roll" is wrapped in waxed paper, which the purchaser peels down, banana-fashion, as he eats. . . .

The cover-all type of fibre milk-bottle cap has been adapted for use as a covering for jars of jam, syrup, etc. The new cap's said to be tight, waterproof, odorproof, easily removed and replaced. . . .

There's a new display stand for show-window use which frames articles displayed in tubes of colored light. Permanently cool, the fixture connects to the ordinary current outlet. . . .

A suede-like finish is lent nearly any surface through first spraying it with a new sizing, then with a fluffy powder. The new finish can be cleaned by washing or by brushing, it is said. . . .

Apples and other fruit of varying sizes are picked unbruised by a new picker. Set on a pole, a metal collar having three inward-facing, counterweighted fingers is slipped up around the fruit, fingers return to position, and a twitch sends the fruit down a cloth chute to the basket. . . .

Said to be entirely air-tight, a new stoneware container for chemicals and reagents is equipped with a newly devised spring lock which holds the cover under a uniform tension. . . .

A new face brick has a hollow center, no open ends. It's said to be 20 per cent lighter than solid brick, to have high compressive strength, to need no additional mortar for a solid bond. . . .

A NEW deal is nothing new for business—research and invention have in the past forced innumerable new deals, utterly changing industry after industry. Such new deals will continue so long as business is business

Acid-proof brick construction is simplified by a new poured-joint brick which has cavities on three faces for confining the melting compound, needs no spacers or paper strips in laying. . . .

Barn fires are combated by a new system of metal farm structures. One-story, mowless barns are used, hay and other feed being stored in adjoining silo-like containers. A combination metal structure which cures and stores both cut hay and ensilage is also offered. . . .

Travertine, a stone long supplied by Italy, is now being quarried in Montana. It's said to be appropriate for interior and exterior finishes of many buildings and for monumental work. . . .

A new, compact oil-burning steam boiler is said to need no foundation, breeching or stack, to require little maintenance, to have high efficiency. Sizes range from five to 500 boiler horsepower. . . .

A new slide rule is said instantly to indicate proper or safe load-carrying capacity, hill-climbing ability and speed of any truck for which specifications are known. . . .

The crankcase can be drained without crawling under the car through a new device. One merely lifts the hood, turns a handle. . . .

Two recent applications of the "electric eye": a portable color matcher, which can be used to match or compare paints, tile, paper stocks, inks, dyes, etc.; an automatic attachment for a water softener which tests water hardness, sounds an alarm when it exceeds any predetermined figure. . . .

Held pencil-like and operating from a lamp socket, a new, small perforator is said to do work ranging from perforation of duplicating stencils to actual cutting of painter's stencils. . . .

A new electric watch regulator enables a jeweler to regulate a watch accurately in ten minutes, instead of ten days. . . .

Pie juices are kept from running over in the oven by a new paper strip which is stretched and sealed around the tin's edge. . . .

Slip a sealed cigarette pack into a new pocket container, press a button and the lid flies up, exposing the pack neatly opened. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

Watching Washington

By FREDERICK SHELTON

★ A NEW phase of the Washington program is getting started. It is the phase of solid building, brick by brick. It follows months of spectacular announcements of plans and purposes, many of which have had to be revamped, and some abandoned. The current phase will be less dramatic but probably more satisfying to those who cannot stand violent shocks.

The elements of the program in a nutshell are these:

Bank credit expansion will be pressed for all it is worth, in the hope that business loans will expand and that prices will rise, thus heading off the drive for inflation of the green-back variety.

The big and powerful NRA machine will be directed toward the less sensational work of providing organized industries with facilities for policing themselves. The aim will be to promote orderly adaptation of whole industries to the economic needs of the country.

Agriculture will get preferred treatment. The upbuilding of farmer purchasing power will be stressed more strongly hereafter as one of the sure foundations for sustained business recovery. Thus, the far-reaching plans of the Agricultural Adjustment Administration will outrank industrial control.

Public works expenditures, now running far below the 1929 rate, will be increased sharply as blue-prints are translated into pick and shovel work.

Direct relief for the needy will be speeded as winter closes in upon 8,000,000 or more who are still unemployed.

Other features of the current program include: Adjustments in the railroad and transportation set-up, tax modifications to allow for new revenues from liquor, negotiations with foreign countries on war debts, disarmament, tariffs, and currency problems, and a whole set of undertakings with respect to strengthening the banking structure.

Progress to Date

HAVE things gone wrong with the program launched last spring? In some cases, yes; but real progress has been made in important directions. Speaking of results and not methods, it appears to me that ultimate recovery has been retarded by early implied promises of inflation and the forced reemployment of 5,000,000 workers by September. Reliance on these promises produced a frenzied midsummer spurt of business; failure of those promises to materialize has tended to prolong a creeping autumn recession.

The hopeful angle is that intelligent men in the Administration have learned some valuable lessons and will hereafter fashion the tools for recovery a little more skillfully and surely.

The banking situation is much better from the standpoint of the public, despite grief to many banks and bankers.

The railroad picture is brighter than most of us would have imagined a few months ago.

The agricultural situation is better here and there. As a whole, it is not worse, and that is something.

Consumers' goods industries seem to be rocking along at a level not far from par. People are living a little better; are more inclined to spend, less inclined to hoard.

Probably the best thing about the present situation is that the public's faith in miracles has been deflated. Hereafter, it will be more popular to talk common sense, counsel patience, and acknowledge the force of human impulses which is another phrase for natural economic laws.

Problems Ahead

ture to lend or make long-term commitments unless they are reasonably sure of getting their money back with interest.

Investor confidence thus far has been lacking. Speculators, of course, have had a grand field day playing for quick and easy winnings. But the private corporate bond market is "shot." It is impossible to sell new bonds at reasonable interest rates when intelligent investors can go into the open market and buy good first mortgage bonds which will yield ten per cent or better to maturity.

Washington is trying to do something about this situation but it is not sure just what it ought to do, or can do. The lack of investor confidence is important because it is the key to promotion of the capital goods industries. And the capital goods industries constitute the main weak spot in the business structure. Most of the millions now idle could have work if construction and its related lines were restored to the 1926-28 level.

Capital Is Scared

PRIVATE capital is still reluctant to go into loans for construction and other business ventures. I have discussed the reasons for this with many investors and capitalists and they all give much the same explanation. They know the President has authority to devalue the dollar by 50 per cent, issue \$3,000,000,000 of unsecured Treasury notes to pay government obligations, monetize silver on a free coinage basis at any ratio to gold he may choose. And they have heard his public declaration that he will exercise these powers "when, as, and if" he considers it necessary. So they seek safety until they are reassured that their Government will not arbitrarily cut the value of their dollars by executive edict.

There are other reasons, of course, why investors are shy. They are fearful of the whole set of implications inherent in the drastic scheme of national socialization of business now in process. They see the connotations of capital levies, redistribution of wealth through confiscatory taxes, limitations on profits, and severe regulation and supervision by government officials. In other words, they wonder whether or not the days of private capitalism are numbered.

Capital Goods Industries

WHAT can the Government do to put capital to work? This question just now probably consumes more time of the Administration's heavy thinkers than any other. There is considerable difference of opinion in official circles on this point. There is what may be called the orthodox view that

all efforts should be directed toward assuring private capital that the Government will recognize the traditional rights of capital and will follow only such policies as will protect and encourage capital invested in useful enterprises. This is the anti-inflation, anti-socialistic, conservative view. It is held among certain important officials in the Treasury, the Commerce Department, the Bureau of the Budget, the Federal Reserve Board, and elsewhere. Those who hold this view seem to have won increased prestige with the President lately. But they are not yet dominant.

Unorthodox administration advisers reflect a wide variety of views with respect to capital. There is not much disagreement on the point that the heavy capital goods industries must be stimulated to take up the slack in employment. Most of these advisers prefer that private capital should do the business. There is much argument, however, to the effect that time is the essence and that the process of wooing investor confidence would take too long; that disaster will result if drastic steps are not taken right away. Therefore, it is argued, spend billions for public works, roads, schools, waterworks, sewers, canals, bridges, dams, irrigation, housing, etc., and do it now. Under this program, the Government would borrow private capital which is too scared to take its own risks and would do the work which private enterprise ordinarily would do.

This program points inflationward, toward socialism, scuttling many traditional notions about private property.

Government as Banker

WHAT will be the outcome? It appears clear to me that the President is veering toward the charted course of conservative finance. But it may be that he has deviated too far off that course. He cannot turn about and start over again but must proceed from where he is. It looks as if we shall have to work out our destiny according to a new set of rules.

The Government will become the banker for the country and will go far in directly financing many activities that need to be financed. When the Government steps into a field of business, private business steps out. Private business cannot compete with the Government. The Government stepped into the field of private finance in January, 1932, when the Reconstruction Finance Corporation was created. It has gradually gone further and further and now is about to go the whole way.

Government banking is not meant to be permanent. The policy is to leave the way open for private banking and private capital to take over the lending functions of the Government's banking agencies whenever they care to do so.

Bank Credit Expansion

ADMINISTRATION policy is to encourage credit expansion, in the belief that currency inflation can be sidetracked in this way. The Federal Reserve Banks are buying government bonds in the open market, thus paying out large sums which are added to the excess reserves of deposits of banks. Rediscount rates are low, money is plentiful, but commercial bank loans do not expand. Certain government officials got off on the wrong foot by too testily upbraiding bankers for not lending freely. Bankers resent this charge and cite the lack of qualified borrowers. The upshot is that direct loans by the Government seem indicated. This will be done through some subsidiary of the Government, of course, but it will constitute direct government banking in effect. About the only banking function which the Government will not have provided will be checking accounts.

Investigations seem to show that most banks are making all loans applied for by borrowers entitled to credit. Here and there eligible borrowers cannot get loans from their banks and in the aggregate these cases have made an impression at Washington.

The main difficulty seems to be that most business bor-

rowers want working capital and not short-term commercial credit. Banks cannot engage in capital financing. Therefore, plans are formulated for a government agency which will make intermediate loans for capital purposes. This is getting close to the general bond business, and there is reason to believe that before long the Government, through the R.F.C. or some related agency, will perform much of the function ordinarily performed by the private bond market.

Just to keep our bearings, it is well to recall the extent to which government banking agencies already have been established. It is in the savings bank business through the Postal Savings System. Agriculture is served by the Federal Land Banks, Intermediate Credit Banks, Banks for Cooperatives, and Production Credit Banks. Still another agency has been created to lend on surplus commodities with a view to price boosting only six months after ceremonial abolition of the old Federal Farm Board which "got in bad" for doing such things. The Home Loan Banks and the Home Owners' Loan Corporation are becoming important factors in the home mortgage field. The R.F.C. is, of course, the big bank for railroads and financial institutions. Indirectly the Government is assuming a dominant interest in private banks.

The significance of all this is that the Government has ample facilities to expand credit. If private banks cannot be induced to lend, government banks will.

Bank Money Inflation

WE don't use currency for money in this country except for pocket money. We use bank checks. If the Government put out \$3,000,000,000 of greenbacks, they would be deposited in banks and thus become bank credit money just like the rest of the forty some billions of dollars of bank deposits. If the Federal Reserve Banks issue their checks in payment of \$3,000,000,000 of government bonds, a like amount of new bank deposit money is created. If the Government finances its tremendous deficit by such means, the result can be a similar increase in the total of bank credit money.

When the total volume of bank credit money is increased disproportionately beyond the volume normally required to carry on a given volume of business, the result is inflation just as much as if greenbacks were struck off and passed out. It is more round about, less conspicuous, less disturbing psychologically, and more respectable.

So we are going to have inflation. It may be much or it may be little. The amount may depend upon the volume of debt which has to be deflated by the process of cheapening the dollar. For three years we tried to reduce debt. Now we are trying to increase debt. We call it credit expansion but it means the same as debt expansion since every creditor must have a debtor.

We were told that the 1929 collapse was due largely to the top-heavy accumulation of debt. Now we are trying to pull out of this depression by expanding debt some more. This seems paradoxical, and a little strange, but perhaps it is all right. The experts have a way of explaining it so that it sounds all right.

Bank Deposit Insurance

CAREFUL plans are being laid for launching a federal bank deposit insurance system January 1, 1934. Anticipation of this event is one factor which seems to cause nervousness among the banks. Most banks want to join this insurance system, not because they believe in it but because they believe their depositors will insist on it. Reports from many points indicate a tendency of banks to remain more liquid than is ordinarily necessary in order to qualify for the insurance system. This tends to retard normal banking operations. To counteract this tendency, officials of the Insurance Corporation have passed out the word that solvency is all that will be required of banks for qualification, that liquidity

is not necessary. If sound assets, though frozen, are sufficient to cover deposits, that is enough.

The Administration intends to do everything necessary to head off a banking flurry when the insurance plan goes into effect. One device will be to provide capital for banks which otherwise cannot meet the requirement of solvency. The Government, through the R.F.C., already owns a substantial portion of the capital of state and national banks and is increasing its investments constantly. Intention to get direct control of the banks is denied by government officials. They say the banks will be encouraged to get themselves "out of hock" to the Government just as soon as conditions permit.

The Government is aiming at a unified system of national banking, however, and it looks as if this will come to pass. Thus, the end of independent state banking systems is forecast.

Bank runs probably will cease to be a factor, at least for a while, but there will be plenty of new bank worries of a different kind.

NRA in New Form

ADMINISTRATORS of the NRA, having emerged somewhat bedraggled from the first and grandiose phase, are in the process of deciding on what to do next. The basic purpose is clear but methods are not. The aim will be to foster industry cooperation so as to reduce hours, increase wages, and add to the total number of employees. To make this palatable for employers, certain concessions will be made in the way of control of competition. Methods of accomplishing these results probably will be modified from time to time. Industries want to invoke some control of prices so as to have reasonable assurance of a fair profit margin but consumer interests and agricultural considerations seem to stand in the way of this with the exception of certain natural resource industries.

Labor relations seem to be getting worse instead of better. Many old labor relations sores are being opened and some new ones are being inflicted.

It is too early to predict final accomplishments of NRA, but it appears that much will depend on the skill with which trade associations function. Eventually they will have a chance to take over most of the functions now being performed by the Government through NRA. The extent to which they are actually permitted to assume these functions will depend upon their capacity for shouldering the responsibility.

Agricultural Adjustment

RESENTMENT of Agricultural Adjustment officials against NRA price raising activities is partly responsible for the new emphasis being given to the agricultural phase of the recovery program. Back of that, of course, is the recrudescence of war threats from farm organizations which for years have battled for what they call "economic equality" for agriculture. Legislation adopted in the last session of Congress is so broad that farm relief efforts need to be limited only by the capacity of administrative officials to devise ways of putting the legislation into effect.

In a sense, it can be said that most of the discredited tactics of the extinct Farm Board are being reemployed. The present farm relief push, however, goes far beyond the Farm Board program. Agricultural officials now have the power to deal with the facts that surpluses depress prices, that curtailed production helps to sustain prices, that distribution methods affect both producer and consumer, and that tariff protection works only if domestic supplies do not exceed domestic requirements for consumption. The new farm administration is trying to get at the roots of agricultural troubles by control of production.

A long time will be required to test the efficacy of plans now in operation and plans being made. Probably agrarian

impatience will lead to radical demands for new legislation in the coming session of Congress, one of which will be outright price-fixing for producers.

A corollary of this may be an irresistible demand for repeal of the processing tax provision and the substitution of direct taxation to provide funds for agricultural subsidies. The growing recognition on the part of the public that processing taxes are nothing but general sales taxes on consumption goods, so unpopular in past Congresses, will add to the pressure in Congress for elimination of processing taxes.

Public Works Disbursements

PROBABLY less than five per cent of the \$3,300,000,000 public works fund has been actually disbursed. This is due to the basic difficulties of carrying proposed projects through from approval of plans to actual construction. There is no disposition on the part of administrators to delay the program. They are genuinely trying to make speed. At the same time they are trying to resist graft. They flatly reject the suggestion impatiently thrown out by certain critics that a ten to 20 per cent "squeeze" for political beneficiaries would not be too high a price to pay for haste in the creation of jobs.

The next few weeks will see numerous large jobs in the construction stage, however, and disbursements in connection with these will be felt appreciably by the heavy industries during the winter and spring months.

Foot Notes

DIRECT unemployment relief doles in the current fiscal year will surpass in amount those of any European country for a like period.

The Administration does not want to substitute government ownership of power systems for private ownership. It wants to force rates down through government competition, thus accomplishing something that state regulatory commissions have been unable to accomplish sufficiently to satisfy the "liberals."

Tax laws will be revised in the coming session of Congress but tax burdens in the aggregate will not be lightened. Years of heavy taxes will be needed to liquidate emergency costs.

Bonds of Federal Land Banks and the Home Owners' Loan Corporation eventually will have to be made good as to principal by the Federal Government. Thus, for all practical purposes these bonds when issued ought to be included in calculations of the national debt total. Together \$4,000,000,000 of these issues are authorized.

Refinancing of farm and home mortgages thus far has been attempted on a semi-business basis. The fight for what may be called "charity" refinancing will be resumed in the next session of Congress. This proposal is conceived as a grand scheme for inflation with under-dog debtors getting the direct benefit.

Speaking of agricultural politics, "agrolitics" for short, George Peek, farm act administrator, has fooled some Washington observers who predicted that his brusqueness would get him embroiled in insurmountable difficulties. Now there is a feeling that he has outdistanced the popular General Johnson in wearing qualities.

Washington observers of NRA are speculating that Congress may refuse to reenact the licensing clause of the National Recovery Act which expires next June. Without this clause the real legal teeth of the act will be missing.

The Government will go into the housing business on a big scale to make employment. Exact plans are not ready to announce but there is general agreement on the policy of this move. This will be good for building materials industries, good for people who want better homes, not so good for real estate people with old houses on their hands.

After a three months' absence, the popular feature "What's Going on in Washington" by Willard M. Kiplinger will again appear in the December NATION'S BUSINESS—Editor

Synopses of Codes Approved under The National Industrial Recovery Act

JULY 9 - OCTOBER 3

NUMBER indicates notice of hearing. Date shows when approved. In general, the codes pledged full support to the Act's provisions:

That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective

bargaining or other mutual aid or protection; that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

INDUSTRY	Maximum Hours per Week	Minimum Wages	Employment of Minors	Production Control	Trade Practices	Labor
(1) Cotton Textile (July 9) (Rayon Weaving included)	40 Except repair shop crews, engineers, electricians, firemen, office and supervisory staff, shipping, watching, outside crews and cleaners.	\$13 for a 40 hour week, Northern section, \$12 for 40 hour week, Southern section.	None under 16.	Operation not to exceed two shifts of 40 hours a week; weekly reports authorized; operating reports every 4 weeks; weekly reports on yards, pounds, or pieces; planning agency authorized.	Planning agency of industry authorized to make recommendations to prevent and eliminate unfair and destructive competitive prices and practices.	Authorizes planning for employee home ownership in mill villages.
(2) Lumber and Timber Products	40, with specified exceptions.	Not less than 40 cents per hour, but qualified by divisional rates prevailing July 15, 1929; rates apply to 66 divisions and subdivisions; range from 23 cents to 50 cents per hour.	No persons under 18; boys over 16 may be employed in wooden package division.	Revision of production quotas based on estimates at three-month intervals of expected consumption including exports of lumber and timber products. Allocations within divisions and subdivisions.	Authorizes branding or marking of lumber and timber products to indicate species, grade, dimensions, and seasoning.	
(3) Shipbuilding, Ship repairing	Merchant work, average must not exceed 36 hours per week in any six-month period, nor more than 40 hours in any week; government work not exceeding 32 hours; exceptions—employees in designing, engineering, and mold loft and order departments may work 48 hours a week; if approved.	45 cents per hour in North; 35 cents in South, excepting apprentices, learners, casual and incidental labor.	None under 16.			
(4) Electrical Manufacturing	36 for employees in processing; 40 for others, except executives, administrative and supervisory workers, traveling and commission salesmen.	40 cents per hour for employees in processing products; or at rate paid daily 15, 1929, but not less than 32 cents per hour; others except commission salesmen, \$15 per week.	None under 16.			
(5) Petroleum	40 for clerical employees in drilling, production, refinery and pipe line operations; not more than 72 hours in any 14 consecutive days for all other employees except those on stripper wells.	52 cents to 45 cents, depending on geographical division.	None under 16.			
(6) Coat and Suit Divi-	40 hours for statue stations 35, except electrical and service employees, divided into clothing, glass, non-manufacturing, and tailored scale, with guaranteed minimum rates.	\$16 per week for non-manufacturing employees; divided into cities of 48 hours for statue stations \$16 per week for statue stations \$16 per week for statue stations	None under 18 as manufacturing or under 16 as non-manufacturing employees.			

				No home work or work done or permitted in ten-ments.
(6)	Coat and Suit Division, Apparel Industry (August 5)	\$14 per week in cities of 200,000 to 500,000; \$14.20 for cities under 200,000; \$14 per week in cities of 48 hours for minus sections.	None under 18 as manu-facturing, or under 16 as non-manufacturing employ-ees.	None from unapproved field is ; excess storage banned.
(7)	Wool Textile (July 26)	40, except clerical and ser-vice employees, divided into 5 working days; non-manu-facturing employees not to exceed 40 per week.	\$14 per week in North, \$13 in South.	Sale below cost or below in-dividual current price has prohibited.
(8)	Rayon & Synthetic Yarn Producing (July 26)	40, averaged over four weeks, except administrative, supervisory, outside sales or technical capacities.	\$13 per week, apprentices receiving 85 per cent of minimum for period limited to 6 weeks.	Not more than two shifts of 40 hours each for any combi-nation, loom or knitting machine.
(9)	Men's Clothing (July 26)	36, 8-hour day, for all ex-cept repair crews, electricians, engineers, office and supervisory staff, stock and shipping clerks, truck drivers, porters, watchmen, managers, who are on 40 hour week.	40 cents per hour in North, \$17 in South. For manufac-turing employees, \$14 per week in North, \$13 in South for manufacturing.	Home work forbidden after three months from effective date of code, Sept. 11, 1933.
(10)	Iron and Steel (July 19)	Not more than average of 40 in any six-month period, or 48 or more than six days in any one week. Eight-hour day to be effective when plants shall be operating at sixty per cent of capacity.	25 to 40 cents per hour for common labor, according to operating districts, not including apprentices or learners.	Employees not to operate productive machinery more than one shift of 36 hours per week.
(11)	Lace Manufacturing (July 14)	40, exempting executives, re-sale shop crews, outside salesmen and supervisory staff; engineers, designers, draftsmen and shipping crews.	\$13 per week; learners to get not less than 80 per cent through 6-weeks apprenticeship.	Collection of statistical data regarding production, construction or initiation of new blast furnace or open hearth or Bessemer steel capacity forbidden as long as plant capacity is excessive.
(12)	Cast Iron Soil Pipe (September 7)	27 generally, with 40, but not more than 8 a day for clerks, bookkeepers and stenographers; executives and staffs not included.	40 cents per hour for com-mon labor in Eastern, West-ern and Pacific Coast sec-tions; 32 cents in South; learners not included during three-months appren-ticeship.	No person under 16; no one under 18 in hazardous foundry operations.
(13)	Wall Paper Manu-facturing (September 7)	40, except outside salesmen, emergency repair crews, superintendents and their foremen.	35 cents per hour, or \$14 per week (males); 32½ cents per hour, or \$13 per week (females).	No person under 16.
(14)	Photographic Manu-facturing (August 19)	Not exceeding 40, except in departments subject to un-usual seasonal demands; no employee to work more than 144 hours per year in excess of 40 hour average figured over 6 months.	40 cents per hour, males; \$35 cents per hour, females; additional incidental labor and learners to get not less than 80 per cent for a period limited to 60 days.	No home work, or work done or permitted in ten-ments.

INDUSTRY	Maximum Hours per Week	Minimum Wages	Employment of Minors	Production Control	Trade Practices	Labor
(18) Corset and Brassiere (August 14)	40, excepting executives, designers, office workers, shipping clerks, repair crews, watchmen, porters, salesmen, truckmen.	\$14 per week; cutters not to receive less than \$15 a week; 27½ cents per hour for learners or apprentices for first 6 weeks. Physically handicapped workers exempted from minimum wage provisions, if they do not exceed 5 per cent of total.	None under 16.	40 hours per week, no plant to operate in excess of 5 days in any week.	Code authority directed to make specific recommendations with regard to advertising, delivery, return of merchandise, discounts, cost finding, wholesale prices, piracy of designs, etc.	
(19) Legitimate Full Length Dramatic and Musical Industry (August 17)	40 for actors, musicians, stage hands, etc., except during rehearsals.	\$10 to \$50 per week for actors with 2 or more years experience; \$25 for actors or less experience, \$30 per week for the chorus; \$30 per week for stage hands and musicians; \$40 per week for company managers; 30 cents per hour for ushers, porters, etc.			Distorting reviews in advertising; indiscriminate distribution of free passes, etc., prohibited.	
(23) Hosiery (August 26)	40 for employees in productive operations, 40 for office workers, averaged over six-months period. Supervisors, foremen, engineers, firemen, electricians, repair shopmen, dyers, shipping force, watchmen, and sales force excepted.	\$8 to \$27.50 per week for full fashioned manufacture in North, and \$8 to \$21.75 in South; \$8 to \$18 for seamless manufacture in North, \$8 to \$16.25 in South. (Minimum for sub-standard employees 20 per cent of regular wage for same class of work. All other workers, with some exceptions, \$13 per week North, and \$12 per week South.)	None under 16.	Plant operations not to exceed 2 shifts of 40 hours each per week. Work not to exceed 5 days of 8 hours each. Total machine hours not to exceed 80 per week.	Guarantees against price decline, bonuses, rebates, selling below cost, shipments on consignment, etc., prohibited.	
(24) Salt Producing (September 7)	42, not more than 6 days per week, for processing or manufacturing; 40 averaged over six-months period, not to exceed 48 in any week, for miners, factory, office and clerical, in North; 48 averaged over six months but not to exceed 35 hours or 6 days in any week, in South, executive and supervising staffs receiving more than \$35 per week excepted.	35 cents per hour male, 32 cents per hour female, North; 30 cents per hour male, 25 cents per hour female, South; learners 80 per cent off minimum.	None under 16.	Variation from publicly announced prices and terms, secret allowances, substitution of grades or packages, delayed billings, use of containers deceptively slack filled prohibited.		
(28) Fishing Tackle (August 19)	40, except for overtime periods to meet seasonal demands, not to exceed 12 weeks per year; average work week per employee not to exceed 40 hours. Firemen, watchmen, janitors, office and supervisory staff, sales force excepted.	35 cents per hour.	None under 16.	Selling below cost, combination selling, etc., prohibited.		
(35) Automobile Manufacturing (August 26)	48 in any one week, not more than 35 averaged for period from effective date to expiration date, excluding supervisory staff, maintenance employees, etc.; 48 in any one week averaged as above for office and salaried employees receiving less than \$35 per week.	43 to 40 cents per hour, with 5 cents differential for women, and for male factory employees between 16 and 21; \$15 to \$14 per week for office and salaried employees.	None under 16.	Employers may select, retain, or advance employees on basis of individual merit, without regard to their membership or non-membership in any organization.		
(36) Leather	Initial 40 hour day, excepting watchmen, boilermakers, emergency service workers, executives and salesmen.	For ¹⁹³³ Southern states, where rate is 32½ cents for both sexes; learners 80 per cent of minimum wage.	None under 16, ¹⁹³³ Southern states, where they are to be observed.			

INDUSTRY	Maximum Hours per Week	Minimum Wages	Employment of Minors	Production Control	Trade Practices	Labor
(38) Gasoline Pump Manufacturing (September 19)	35 per week.	40 cents per hour.	None under 16.		Secret rebates, discrimination in price of equipment between purchasers in same class, inducing or attempting breach of contract between competitors and customers, etc., prohibited.	
(44) Textile Bag (September 19)	40 per week, but not more than 8 in any 24-hour period, exceptions for peak seasons, and for emergency, technical, office, supervisory, watching and outside personnel.	\$12 per week in Southern section; \$13 per week in Northern section; learners, sweepers, elevator and yard men and hand truckers to get not less than 80 per cent of minimum wage.		Machinery not to be operated for more than two shifts of 40 hours each per week.		
(48) Transit (September 19)	40 for general office workers; 44 for general shop employees; 48 for car-house and garage service employees, maintenance, track, line, power house, and substitution employees, 48 for train men, bus operators, ticket agents, averaged over six month period; executive and supervisory employees; emergency crews, janitors, watchmen, crossing flagmen and gatemen excepted.	From \$15 per week in cities of more than 500,000 to \$2 per week or less in towns of less than 2,500; employees on hourly rate to receive 40 cents per hour, or lesser rate, paid on July 15, 1929, but not less than 30 cents per hour.	None under 16.			
(58) Artificial Flower and Feather (September 19)	40. Five days of eight hours, with overtime permitted in seasonal months not to exceed 12 weeks during the year.	\$12 per week; apprentices \$12 per week; \$10 per week. Home work permitted until July 1, 1934; 30 cents per hour.	None under 16.	No place of business manufacturing or processing artificial flowers to operate with more than one shift during any 24-hour consecutive period.		
(61) Linoleum and Felt Base (September 19)	40 per week, or 1040 in any 26-week period, except shipping crews and truck drivers, not more than 48 hours in any week. Technicians and mechanics on repair work exempted in emergencies.	40 cents per hour, male, 35 cents per hour, female; office employees, \$14 per week. State law to control if it prescribes higher minimum.	None under 16. Compliance with state law if it provides a higher minimum.			
Banking (October 3)	40, averaged over 13 consecutive weeks. Exceptions for seasonal conditions; for extra hours caused by bank examinations, etc.; employees other than executives officers in towns of less than 2500; employees receiving more than \$35 a week; night watchmen.	\$12 to \$15 per week according to population of city; learners or apprentices (for one year), 80 per cent.	None under 16. If state laws provide higher minimum, it is to be observed.	Provision for uniform banking hours, maximum interest rates on deposits, and service charges.		
(79) Boot & Shoe Manufacturing (October 3)	40, except outside salesmen, watchmen, firemen, cleaners, executives receiving more than \$35 per week, maximum must not exceed 45 per week during eight weeks of a six-month period. Emergency work and workers on continuous processes excepted.	35 cents to 37½ cents per hour (male); 30 cents to 32½ cents per hour (female) according to population of city; not less than 35 cents (male) and 30 cents (female) in cities in Southern states; apprentices 80 per cent.	None under 16. If state laws provide higher minimum, it is to be observed.	Misbranding and misleading advertising, selling below cost, etc., prohibited.		

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Charting the Course of Business . . .

Recovery must come slowly . . .

★ THE road to recovery is not to be traveled at full speed. Few sensible men thought it could be. The reaction in business which came in September and in early October should have caused no great surprise. Nor was it remarkable that it should have been accompanied by a still greater mental reaction.

Late spring and early summer saw the country in an emotional state. The air was full of blue eagles. Paraders filled the streets. The moving pictures exhorted us to rally 'round the NRA and President Roosevelt. It was like an old-fashioned revival. Business had but to believe and be saved.

But as the emotional stage died down there came a sobering realization that the whole plan involved serious problems of readjustment.

It was a sort of "morning after" which will be followed, is being followed perhaps as this is read, by a renewed confidence that business, given a chance "to eliminate unfair competitive practices" can go ahead to higher and a more permanent level of prosperity.

Not all the signs on the business horizon were bad. And it should not be forgotten that the upturn which started in March was almost unprecedented in its rapidity. One excellent index of industrial activity was at 55 per cent below normal in April and, four months later, was less than 25 per cent below.

Efficiency and the codes . . .

★ THE cotton textile code was the first to be adopted and it is already finding how great are the complications that can develop. Cotton undertook to restrict production by a code clause that machinery should not be operated more than 80 hours a week. Along came Johnson & Johnson, makers of surgical gauze and asked that that clause be altered to permit them to run their machinery full time and employ their workers only 36 hours a week instead of the 40 allowed by the agreement. They were willing to pay the same wages for 36 hours as for 40. Their plan, they said, would relieve unemployment.

They proposed that other mills which wished might follow their example and operate on a 36-hour week with no limitation on machine use. A chance to test whether efficient manufacturers working four six-hour shifts for six days and not cutting wages could compete with the mills operating two eight-hour shifts for five days.

Other complications of cotton: should rayon in any way come under the code, should cotton thread making and cotton dyeing and printing? Questions like these are cropping up under every code. The mail of the United States Chamber is

still heavy with letters asking, "Under which code do I belong?" Patience and mutual consideration are needed by business as never before.

Higher costs cut profits . . .

★ WE HAVE spoken of the sobering effect on business thinking that came with the realization of the problems that were faced under the code.

Here's a business which after two years of losing money made a small profit in May and again in June. It looked to its executives as if by the end of the year they could wipe out the losses of the first quarter and show a small profit. Then came the President's Reemployment Agreement (PRA) and they faced a substantially higher wage cost. Coal threatened to be higher and the price of raw materials was moving up.

Theirs was an industry which had suffered all the evils of unrestrained competition. Prices had been cut until all hope of profit had been abandoned, wages were down to a sweat shop basis.

This industry is still struggling to draft a code that should be satisfactory to its members and to the Administration. They are still fearful of continued price cutting. Yet it would be unfair to say that these men are inimical to the NRA. They know the evils in their industry, they know that they must be wiped out and can only be wiped out by "co-operative action among trade groups."

Lasting industrial agreements . . .

★ CODES of fair competition have been evolved under the Recovery Act and have been put into operation for a growing list of industries. Many more are taking shape.

But the Recovery Act according to its terms is a temporary measure, and time passes rapidly. Questions are already being asked as to what continuing benefits will arise from codes.

The United States Supreme Court, about six months before the codes were evolved, very well anticipated these questions by saying on March 13, 1933, in the decision of Appalachian Coals case that industry could cooperate to better itself. All but one of the justices united in the opinion. With this convincing measure of agreement, the Court had something to say about means for preserving fair competition, and its words will continue in force after temporary legislative measures have passed.

Speaking of an agreement for use of a common marketing agency by independent producers, the Court said:

A cooperative enterprise which carries with it no monopolistic menace is not to be condemned as an undue restraint merely because it may effect a change in market conditions, where the

change would be in mitigation of recognized evils and would not impair, but rather foster, fair competitive opportunities. Voluntary action to rescue and preserve these opportunities, and thus to aid in relieving a depressed industry and in reviving commerce by placing competition upon a sounder basis, may be more efficacious than an attempt to provide remedies through legal processes. The fact that the correction of abuses may tend to stabilize a business, or to produce fairer price levels, does not mean that the abuses should go uncorrected.

And the Court went further in giving assurance that for the future the only lawful escape for hard-pressed units in an industry in combination, with its surrender of independent management and of individual ownership and responsibility. Decisions under the Sherman Act had often seemed to leave no alternative to combinations, even though such a course was directly contrary to the intention with which the law had been enacted.

In March the Court said that competing concerns which could lawfully merge could with equal legality maintain their independence in ownership and management and reach their ends for common benefits through agreement. The Court was necessarily somewhat technical but it made itself so clear that no lawyer need doubt. The Court said:

We agree that there is no ground for holding defendants' plan illegal merely because they have not integrated their properties and have chosen to maintain their independent plants, seeking not to limit but rather to facilitate production. We know of no public policy, and none is suggested by the terms of the Sherman Act, that in order to comply with the law those engaged in industry should be driven to unify their properties and businesses in order to correct abuses which may be corrected by less drastic measures. Public policy might indeed be deemed to point in a different direction. If the mere size of a single, embracing entity is not enough to bring a combination in corporate form within the statutory inhibition, the mere number and extent of the production of those engaged in a cooperative endeavor to remedy evils which may exist in an industry, and to improve competitive conditions, should not be regarded as producing illegality.

Codes and the new competition . . .

★ IN JUNE, 1926, NATION'S BUSINESS published an article by O. H. Cheney, widely quoted and widely commented on, which was called, "The New Competition." The article made that phrase a part of the business vernacular. It pointed out that in these days the most serious and difficult competition was not between John Smith and Thomas Jones, each making kitchen stoves, but between industry and industry, between electricity and ice for preserving food, between coal and oil for heating, between silk and rayon for clothing.

The codes are bringing that truth to the surface again. If the high labor costs and low work hours push up prices of cotton bagging, paper will try to get that market. If limitation on oil production coupled with high gasoline taxes makes automobiling too expensive, the street car is ready to jump in and take the business.

One of the great problems of the future under the new codes will be so to write codes that one industry may not profit at the expense of another.

Government's unfair competition

★ THE National Industrial Recovery Act has this declared purpose: "To eliminate unfair competitive practices."

To this end the Federal Government promoted "the organization of industry for the purpose of cooperative action among trade groups." To bring about these results such action under approved codes was exempted from the provisions of the antitrust law.

What shall we say then of a Government which, while urging industry to eliminate unfair competition, itself engages in that sort of competition? The Tennessee Valley Authority is, in the opinion of many in the utilities industry, proposing to sell its product, electricity, at less than cost.

Recently the Authority announced through Mr. Lilienthal,

one of the three directors, that the Corporation would sell to residence consumers at three cents a kilowatt hour for the first block of 50 hours with rates as low as four mills for increasing use so that the "typical general consumer" would pay about two cents a kilowatt hour. A household user of 50 kilowatts an hour would pay \$1.50 a month in Muscle Shoals, as against \$4.50 in New York.

What's the reason? Mr. Charles S. Reed, a rate expert, says:

His estimate of an average selling price of two cents per kilowatt-hour is impossible if taxes are considered, for the taxes paid by utility companies in the South, as elsewhere, when applied to residential service, are more than 2 cents per kilowatt-hour.

Is this the fair competition for which the NRA pleads? If the utilities companies present a code banning sales below cost would the Tennessee Valley Authority sign it?

Isn't inflation habit-forming? . . .

★ IN ONE of a series of syndicated newspaper articles on inflation occurs this paragraph:

A man who, compelled to realize on what little property he had left, sold his furnished house for the original value of the piano. "Within a fortnight—" he writes, "the money was worth but \$80; in another week \$20. It vanished before I could spend it."

A sermon on inflation in seven words: "It vanished before I could spend it." Do you care for that kind of money?

But, says the inflation advocate: "This is controlled inflation. We shan't let it get that far."

Controlled inflation is possible. The controlled use of narcotic drugs is possible. But many a man who started taking drugs found that control is impossible. The surest means of control is not to indulge.

Time helps sober thought . . .

★ INFLATION by adding to the currency, by cutting the gold value of the dollar, is still a possibility, still a threat to the peace of mind of business, but the fighters against inflation are constantly gaining new recruits. The United States Chamber, the American Legion, and the Federation of Labor, not always in agreement, see eye to eye on this. Credit expansion, yes; inflation, no. On those points they agree, and the Administration seems eager to make every effort to stimulate the lending of money. The new corporation to release assets of closed banks is a case in point.

Time works in favor of the anti-inflationists. Give men a chance to think, to recall the experience of countries which have gone through periods of inflation and they are apt to stick to sound money.

A peaceful revolution . . .

★ EUROPE is watching with keenest interest the American experiment in recovery. The League of Nations is to publish a report on the activities of the NRA. Important foreign newspapers have despatched correspondents to watch and describe developments here.

Dean Inge of England gave the reason when in an introduction to a recent book, "The Post Victorians," he described our times as, "a race between peaceable emergence of a new order and violent revolution."

All over Europe new experiments in government are being tried. Stalin, Hitler, Mussolini, red shirts and black shirts, blue shirts and green shirts, monarchies give way to republics and republics to dictatorships. Everywhere a search for the "emergence of a new order," and not always is the search peaceable.

No wonder Europe watches us.

Our efforts toward a new deal and a new order have thus far been peaceful. No one expects violent revolution. Best of

all, the vast majority of us hope to find in the NRA and the other administration measures a new order that will not only be reached by peaceful methods but will bring to the United States a greater prosperity, a wider spreading of the comforts of life than we have ever known before.

Growing organizations . . .

★ ORGANIZATION being the first essential in planned and controlled industry the phenomenal growth of both labor and trade groups during the last few months comes as a natural concomitant of the recovery program.

On the labor side, there is the estimate of William Green, president of the American Federation of Labor, that "more than 4,000,000" members are now enrolled in the Federation and that another million men are enrolled in unions not affiliated with the Federation. His estimate was given before the Federation's recent convention in commenting on the fact that the statistical report of membership for the fiscal year ending August 31 showed an "average" of 2,126,796 paid-up members during the year as compared with the 2,532,261 for the previous fiscal year. New accretions of members since June 1—among them 300,000 in 584 new Federal unions, 50,000 recruits in old Federal unions, 500,000 in new international union locals, and 450,000 recruits in old ones—go to make up the more than 4,000,000 members which Mr. Green reported would have been shown in the Federation's bookkeeping report had its fiscal year ended a month later.

Organization has proceeded at a comparable rate among employers. New trade associations have bloomed almost as bountifully under the Industrial Recovery Act as have labor groups. A list of new trade associations recently prepared by the Trade Association Department of the United States Chamber of Commerce named 111 such groups, and this list did not purport to enumerate them all. The extent to which organization is being carried on across the whole broad front of American business is indicated by the names of a few of these new groups—the American Angora Rabbit Breeders Association, National Association of Canned Dog Food Manufacturers, National Association of Slipper Manufacturers, Negligee League, Sash Weight Association, National Association of the Legitimate Theater, Coffee Bag Manufacturers' Association, and on and on. The variety of the names suggests that perhaps a trend toward subdivision and closer classification may be under way in trade organization.

However this may be, the older, established trade associations have felt the stimulus no less. Some of them have made amazing gains in membership. The records of a few associations, selected at random, indicate the trend. There is the National Association of Dyers and Cleaners which on June 1 had a membership of 696 and on September 30 a membership of 4,356. The National Association of Master Plumbers, with a normal membership of 10,000 to 11,000, had at the end of September something more than 15,000. The American Bottlers of Carbonated Beverages report some 450 new members.

Other associations representing industries which have codes either pending or yet to be submitted, anticipate heavy influxes of new members when these are finally approved.

Congress meets again . . .

★ CONGRESS meets in regular session on Wednesday, January 3, 1934. The date is worth noticing, as there appears to be some confusion about it.

Of course, some confusion is natural, as the constitutional amendment dealing with the date of the beginning of the term of the next President of the United States, as well as the beginning of the next regular session of Congress, is having its first practical effect. The change in the regular session of Congress is from the first Monday in December to January 3. The change for the inaugural of the next President of

the United States will be from March 4 to January 20.

Just how January 3 has been hit upon nobody seems to know very exactly. It is fixed by the joint resolution of Congress proposing the constitutional amendment, but any adequate explanation of the date in the resolution is lacking. The joint resolution had passed the Senate on various occasions in various earlier Congresses. The Senate always liked to use a formula to keep the regular session of Congress from convening on Sunday. Consequently, the Senate usually stood for "the first Monday in January" or "the first Tuesday after the first Monday." The House was just as positive that it wanted a fixed date. Precisely why it had such a strong preference no one ever disclosed. Eventually, when the joint resolution in the same Congress got through both Senate and House,—in early 1932,—the Senate put the date at January 2 and the House put it at January 4. The conferees between the two Houses apparently had a rollicking time, and cut the Gordian knot squarely in two, compromising with mathematical exactness upon January 3!

Robbing Peter to pay Paul . . .

★ THE subsistence homestead work, for which \$25,000,000 was allotted by the Public Works Section of the National Industrial Recovery Act, has swung into action.

Two hundred coal miners and their families are to be put on an 1,100 acre farm in West Virginia. There on small plots they will raise their own vegetables and chickens and set up their own local government by town meeting. Each family, with the help of government funds, will buy its house and land and repay with low interest after many years.

But the promoters of the project knew that "man doth not live by bread only," and saw that these pioneers must earn money for shoes and coals and dresses. So their plans include a factory to produce special equipment for the Post Office Department and the setting up of handicraft industries.

Two things suggest themselves:

The \$25,000,000 fund was "to provide for aiding the redistribution of the overbalance of population in industrial centers." Does this colonizing unemployed miners tend to accomplish that aim?

What of the men now employed in making post office equipment in existing factories? Are they to take the place in the ranks of the unemployed left vacant by the miners?

Bootleggers—old and new . . .

★ BOOTLEGGERS of alcohol may be on their last legs—though many argue that if they pass out they'll do so with their boots on—but a new race is apparently arising to inherit their name, and perhaps some of their infamy.

Already the "gasoline bootlegger" has become more or less familiar to the tax-ridden motorist. Indeed this class has attained such importance that the public has been warned against both it and its wares by the Secretary of the Interior, Mr. Ickes. Restrictions imposed by legislation and high taxes father these new bootleggers, of course, just as they did the old. And evidence is already trickling in that the new race is going to be a most prolific one.

From Minneapolis come reports that flour bootleggers are plying their nefarious trade in the Great Northwest, and that their peddling of tax-free flour is cutting into the legitimate commercial flour trade in a serious way.

Out in California peach bootleggers recently lifted their heads, although the Agricultural Administration has smacked them down promptly.

But the trend will not be denied. Cotton bootleggers in the South, hog bootleggers in the Middle West, tobacco bootleggers in the burley belt—we may soon see them all. Indeed if the full possibilities of the situation develop we may yet hear throughout the land that alarm cry of our mountaineer brethren, "The Revenoers are comin'!"

Recovery and the Profit Problem

By JOHN W. O'LEARY President, Machinery and Allied Products Institute

Illustrations by Charles Dunn

REVIVAL of the industries producing capital goods is regarded as essential to a general business upturn. But how to promote this revival is a formidable question

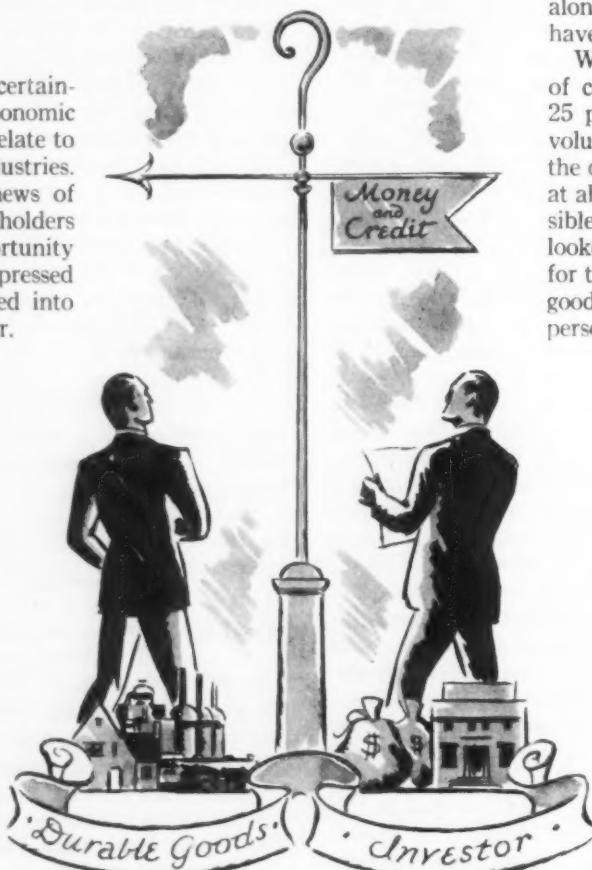
VSOME of the liveliest uncertainties in the near future economic prospects in this country relate to the plight of the capital goods industries. How to renew the financial sinews of these industries at a time when holders of idle funds see no inviting opportunity of profit through investment in depressed businesses is a problem propelled into public view under its own power.

It is important to understand the economic and social significance of capital goods. A working definition can be made by dividing the products of industry into two broad groups—durable goods and consumption goods. Capital goods are included in the first classification.

To the economist, capital goods comprehend products used or held for the purpose of producing or acquiring wealth, such as tools, buildings, transportation systems, raw materials, and the like. Clearly enough, almost all kinds of capital goods are being used up in production. This using may be a matter of a single use, as with fuel or raw materials, or it may be a gradual wearing out.

If the entire economic structure were to be brought to view at any one point in time, it would be seen that capital goods are in all stages of wear, of all possible degrees of technical efficiency, and varying greatly in fitness or adaptability.

A national inventory would show obsolete machines, ill-planned factory buildings, raw materials or dealers' stocks bought in expectation of a demand that did not materialize. All these forms of capital goods would be earning consider-



Investors will not lend their money to capital goods industries until a profit seems likely

ably less than interest and replacement.

As their name indicates, consumption goods include all the products which are used up in serving an immediate purpose—things eaten and worn and used in the daily round of life.

It is true that the line of demarcation between capital goods and consumption goods is not always decisively clear. The automobile is a case in point. It may be used as a facility of production. It may be used for pleasure only.

It is clear to everyone that recovery is intimately related to the restoration of employment and pay rolls. How far the capital goods industries have declined from the sustaining levels of the past decade is revealed in the estimate that, in the industries concerned with the making of machinery and equipment alone, approximately 1,620,000 workers have been dropped since 1929.

While the production and distribution of consumers' goods have fallen about 25 per cent as compared to the dollar volume of 1929, the maximum slump in the durable goods industries was figured at about 67 per cent. In 1929 it was possible to say that 2,800,000 persons looked to the capital goods industries for their livelihood, and that consumers' goods industries gave work to 9,500,000 persons. The respective pay roll totals were \$4,806,000,000 and \$11,200,000,000.

It is commonly observed that the production and consumption of consumers' goods vary comparatively little. The wide differences between rates of output during prosperity and depression are due, for the most part, as the *Guaranty Survey* points out, to variations in the production of buildings, machinery, tools, and other productive equipment. All this productive equipment, of course, can be used only to produce goods directly or indirectly for the ultimate consumer.

Expands too fast

IN prosperous times there is an observable tendency of productive equipment to expand too fast—that is, beyond the capacity of consumers to absorb the output—which constitutes the principal factor operating to terminate prosperity and bring on depression. The industries producing capital goods represent, roughly, half of the country's productive capacity. In 1929 the total production of their goods amounted to about \$40,000,000,000, as against \$30,000,000,000 in consumption goods.

This issue of economic equilibrium is

A PROFIT IS NOT WITHOUT HONOR

"Profit" comes from the Latin word for "progress."

In no other country has the profit principle created so much progress—so much material prosperity—as in the United States of America.

Yet here and there are men who seem to think that profit is wrong in principle—that all service and all production should be offered without profit. But most farm products and most manufactured goods in recent years have been offered not only at cost, but at less than cost. There has been little profit, and less progress. Who has benefited?

In 1932, like most other businesses, the motor car industry operated at a net loss. Individual makes of cars, in many cases, were sold at hundreds of dollars less than cost of production per car.

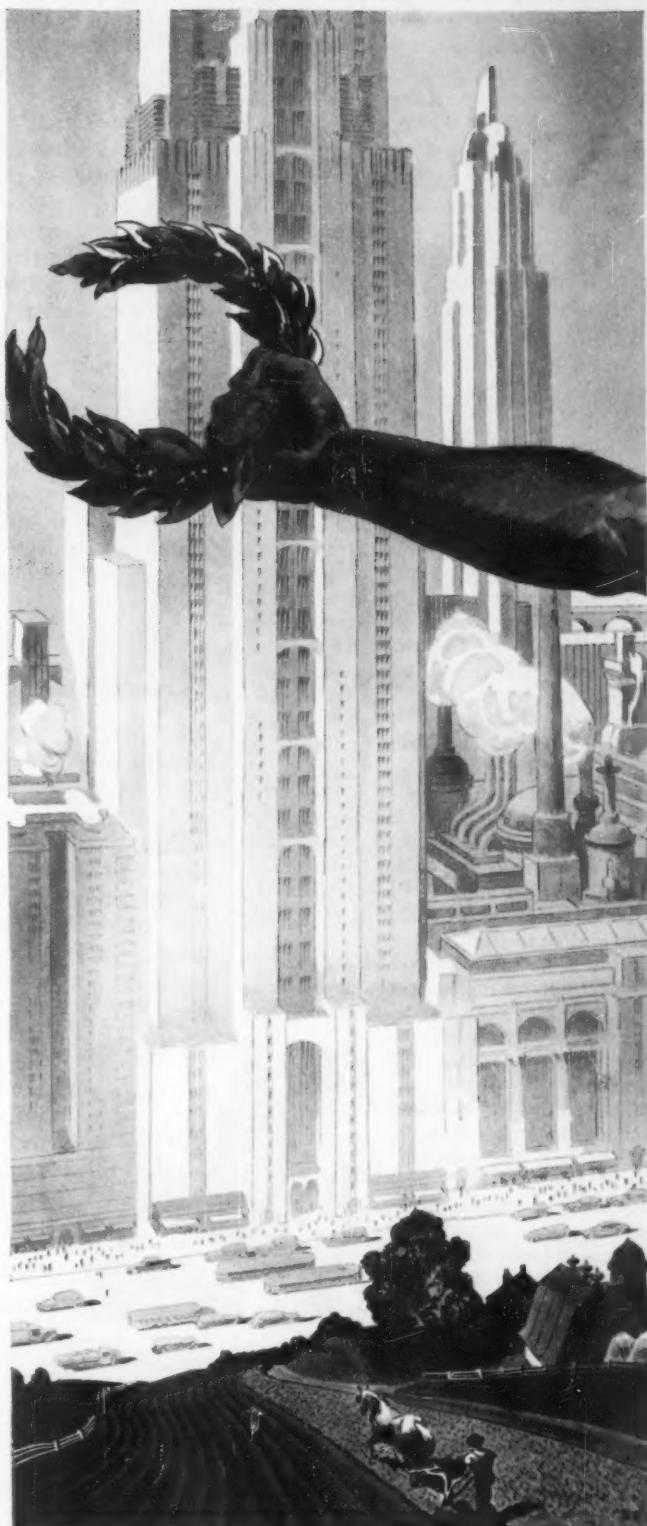
If the principle of "selling without profit" is sound economics, motor car manufacturers should have been flooded with orders. But they were not. Wonderful bargains were offered far below cost. Yet few people bought. Absent profits meant absent wages and salaries—absent jobs—absent purchasers.

Profits are the key to permanent business recovery. Governmental leaders recognize this fact. Labor leaders acknowledge it.

So, when you are urged to buy goods or services "at cost," "without agent's commission," "without profit," are you really being asked to act in your own best interest?

Surely in your own daily life you have found that "A Profit Is Not Without Honor."

*Reprints of this advertisement
are available in leaflet form.*



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further complicated by the fact that the depression forces do not bear evenly on the two groups of industries. Capital goods industries suffer more severely than the producers of consumers' goods.

The stability of consumption is pertinently indicated by Professor Malcolm McNair of the Harvard Graduate School of Business Administration in the *Daily News Record* for August 19. There is meaning in the fact that although the dollar volume of department store sales and stocks declined 40 per cent from the boom period of 1929 through 1932, the drop in wholesale textile prices, according to the Department of Labor, was also about 40 per cent, and department store prices shaded off 40 per cent. As Professor McNair says

The close correspondence of all these indices can mean only one thing—the decline in the price level was practically the sole cause of the drop in department store sales. Corroboration of this conclusion also is afforded by figures collected by the National Retail Dry Goods Association on the number of sales transactions in department stores. The number of sales transactions showed no decrease, but in fact showed an increase until 1932, and in that year the decline was not great. . . .

In regard to chain stores, it is safe to say that, during this same period, the principal types, including variety chains, department store chains, grocery chains, drug chains, show chains and apparel chains, experienced a smaller decline in dollar sales volume than did department stores. . . .

Aside from the heavy durable items, the physical volume of final consumption is always well maintained during a depression; the decline in sales is almost wholly a price decline. . . .

The decline of business activity that takes place in a period of business depression is primarily related to capital goods, not to consumer goods. Stimulation of consumption by final consumers is far from being the answer. The answer lies rather in the direction of resuming normal investment in the capital goods industries.

The output of goods within these two classifications during recent years has been strikingly divergent. While consumption goods have been produced in quantities tending constantly to increase inventories and to depress prices, the output of durable goods in many lines has been negligible.

It is possible, of course, to show a degree of recovery in industries making capital goods. Indeed, it is possible to say that from the "low" of March, 1933, to August, 1933, the rate of gain in the production of durable goods surpassed the rate for industries identified with consumers' goods and services. Analysis of Department of Labor indexes by the National Industrial Conference Board discloses that employment in a representative group of capital goods industries

increased 29.2 per cent, and pay rolls, 44 per cent. In the same period, employment in consumers' goods industries gained 16.9 per cent, and pay rolls, 25 per cent.

The invitation to comparison and to conclusion is obvious. But it is worth while to suggest that any sound interpretation must comprehend the bases on which the figures rest. With the capital goods industries operating at only 20 per cent of their prosperity levels, and the consumers' goods industries approaching 80 per cent, the larger percentage of recovery indicated for the capital goods industries puts them forward to only about 26 per cent of normal, whereas the consumers' goods industries, adding the advance reported, are observed to be doing about 92 per cent of their normal volume. The point is that even with the considerable pick-up indicated by these figures, the capital goods industries are still seriously depressed.

Construction is down drastically

MOREOVER, dependable figures indicate that residential construction has been decreasing since 1928, with the 1932 volume only one-tenth of that of 1928, and the 1933 volume promising to be even less than that of 1932.

The decline in commercial and industrial construction has been almost as drastic, the 1932 volume being but one-eighth of the 1928 volume with 1933 promising little improvement.



Railroads have replaced their equipment in recent years at a rate that indicates a high degree of obsolescence. For example, the Class I railroads—those with a million or more dollars annual revenue—have substituted new for old locomotives at a continuously decreasing rate since 1927. Only 447 were installed in 1932 as compared with 1,229 in 1929. In the last named year, 3,134 locomotives were retired; for 1932, the figure was 2,316.

From 1911 to 1932 the average age of the total locomotive inventory increased from 11 years to 21 years. At the end of 1932, of the total locomotive inventory, 83 per cent was more than ten years old, and 55 per cent was more than 20 years.

A vast quantity of obsolete equipment has accumulated in every field of production.

It is becoming evident that widespread industrial recovery, if it is to take place within the reasonably near future, must include a revival of the industries producing capital goods. As a New York bank suggests, how to promote such a revival is a formidable question. One

line of thought emphasizes the difficulties placed in the way of long-term borrowing by the new Securities Act, which puts severe responsibilities on investment bankers and on the managements of corporations seeking to borrow. A considerable body of business opinion contends that these provisions are so harsh that they will virtually prohibit the flotation of new securities by reputable concerns until the law is amended. Inasmuch as the great bulk of industrial expansion under modern conditions cannot take place without public support, it is obvious that any factor hindering industrial borrowing must necessarily prevent, at the same time, the growth essential to business recovery.

The idea that durable goods are permanent is fallacious. A good case can be made for the assertion that the entire accumulation of durable goods, with a few exceptions of monumental character, must be renewed every 20 to 25 years. Public works probably have the longest life. Goods such as automobiles, with an average life of about seven years, are at the other extreme. In between is a vast and constant decay which has been going on for four years now with little if any replacement.

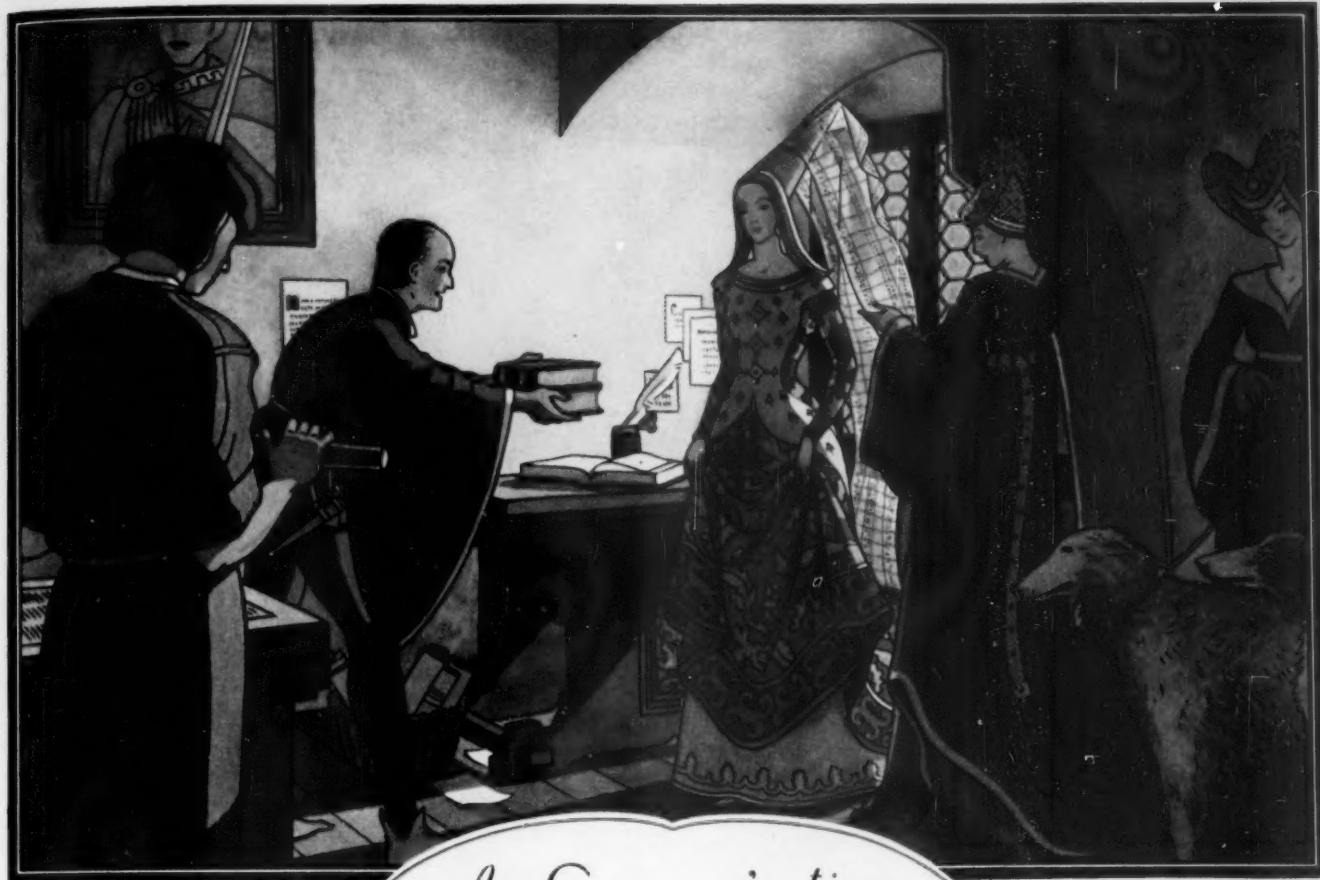
During every depression new enterprise hesitates, existing ventures falter and the demand for new durable goods diminishes to the vanishing point. This situation constitutes the greatest single source of industrial unemployment. A relatively small volume of unemployment has existed at any time within the field of consumption goods—in fact, certain types of consumption goods recently have reached toward or passed their normal volume of output, some in fact exceeding their previous high.

Capital goods must make profit

ONE of the characteristics of durable goods is that they are acquired largely with long-time credit and paid for with savings. The characteristic does not apply in like measure to consumption goods which are destroyed immediately by use and therefore possess no basis for credit after use. Durable goods, not being destroyed immediately by use, but only by wear, obsolescence and accident, possess within themselves the basis for long-time credit. In fact such goods constitute the principal medium in which the nation's savings are invested.

But replacement or the opening up of new ventures will be undertaken only in anticipation of a profit. This requirement of adequate long-time credit or permanent capital at reasonable cost, together with prices low enough to stimulate forward planning and buying, is ordinarily easily satisfied through the confidence of investors in the expectation of a return on their investments.

For the five years ending with 1930,
(Continued on page 37)



*In Caxton's time
England had
no paper mill*

WILLIAM CAXTON, first English printer and first English editor, opened his shop near Westminster Abbey about Michaelmas, 1476.

Although he printed popular works in English—making many translations himself—his books were graciously accepted by royalty. Caxton's work largely was responsible for the unification of many dialects into a standard English.

Caxton's paper was imported, as England had no paper mill before fourteen ninety three. How a paper like Kleerfect would have fitted into the plans of a man like Caxton with his ideal of printing for the common people.

The qualities of Kleerfect are qualities that permit better popular printing. In Kleerfect—The Perfect Printing Paper—are combined in right proportions the five qualities long sought by printers—all at a cost no higher than you have been used to

paying for just printable paper.

The surface of Kleerfect, smooth and without glare, is easy on the eyes. The strength is suited to modern, high speed presses. The color of Kleerfect permits precise color work and its ink absorption insures perfect coverage while its opacity is more than sufficient to prevent a showing through—even of solid colors—from the other side.

In Kleerfect there is no "two-sidedness." Both sides of the sheet are uniformly surfaced, insuring the same printing qualities on the two sides—a decided advantage to publishers, printers, advertisers.

Finally, the price of Kleerfect suits it for popular printing, and although this advertisement is not printed

on Kleerfect, samples of its printability are available to you. You should see them before planning any new printing. Address our Advertising Department in Chicago on your letterhead, please.

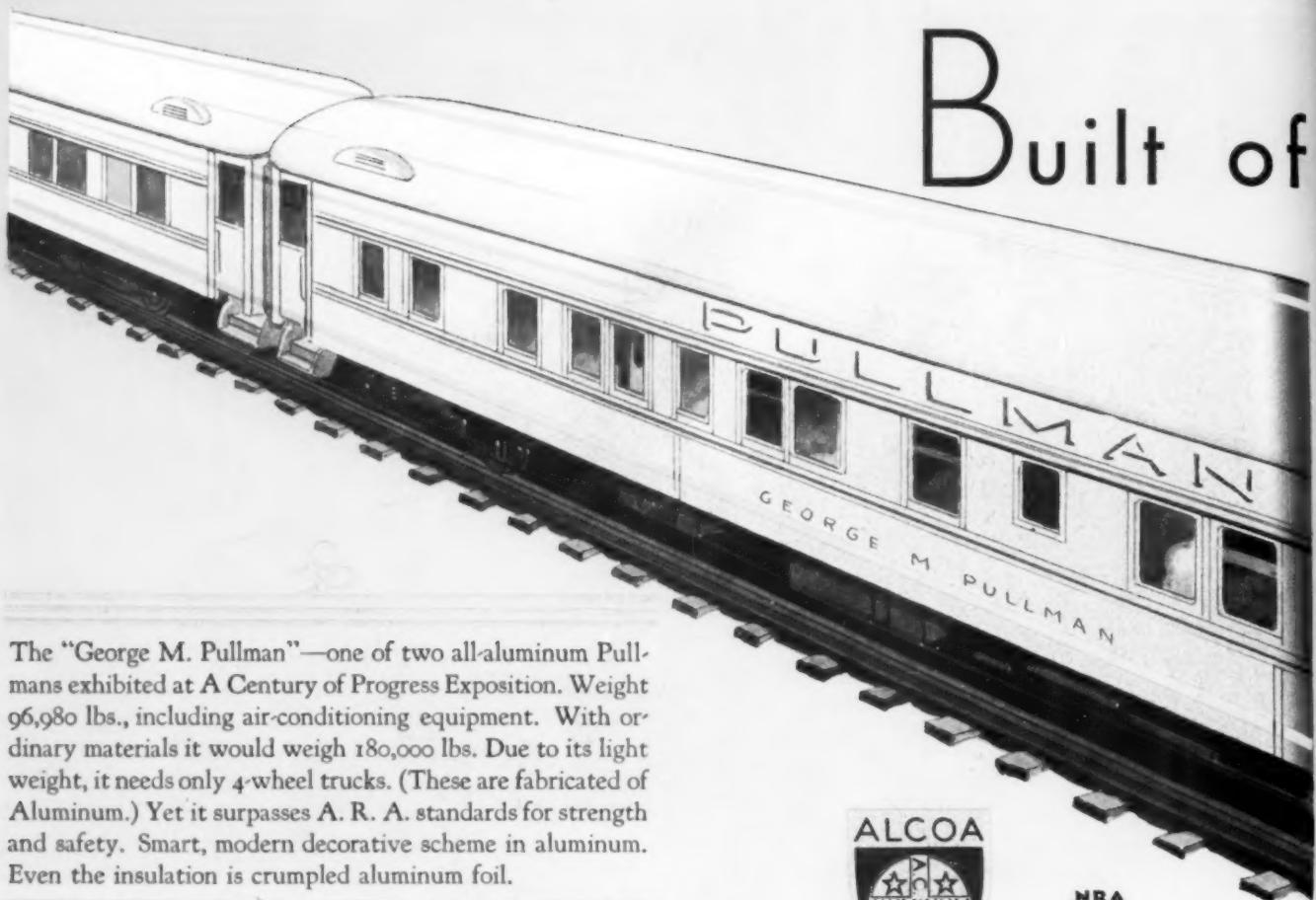
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The "George M. Pullman"—one of two all-aluminum Pullmans exhibited at A Century of Progress Exposition. Weight 96,980 lbs., including air-conditioning equipment. With ordinary materials it would weigh 180,000 lbs. Due to its light weight, it needs only 4-wheel trucks. (These are fabricated of Aluminum.) Yet it surpasses A. R. A. standards for strength and safety. Smart, modern decorative scheme in aluminum. Even the insulation is crumpled aluminum foil.



All industry finds the going easier with Alcoa Aluminum



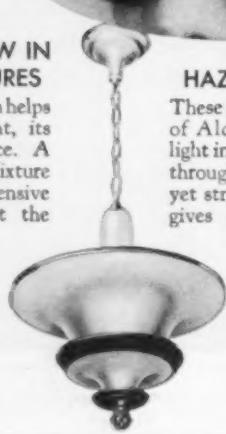
MODERN VENTILATION USES THE MODERN METAL

Alcoa Aluminum makes this air-filter lighter, easier to install. This metal resists corrosion, isn't affected by moisture in the air, absorbs sound from vibration, not to mention its attractive appearance and long life.



FOR EYE-HAZARDOUS JOBS

These goggle frames made of Alcoa Aluminum, are light in weight, easy to wear through the day's work—yet strong. Alumilite finish gives them attractiveness, longer life and corrosion resistance—an important detail in many plants.



SOMETHING NEW IN LIGHTING FIXTURES

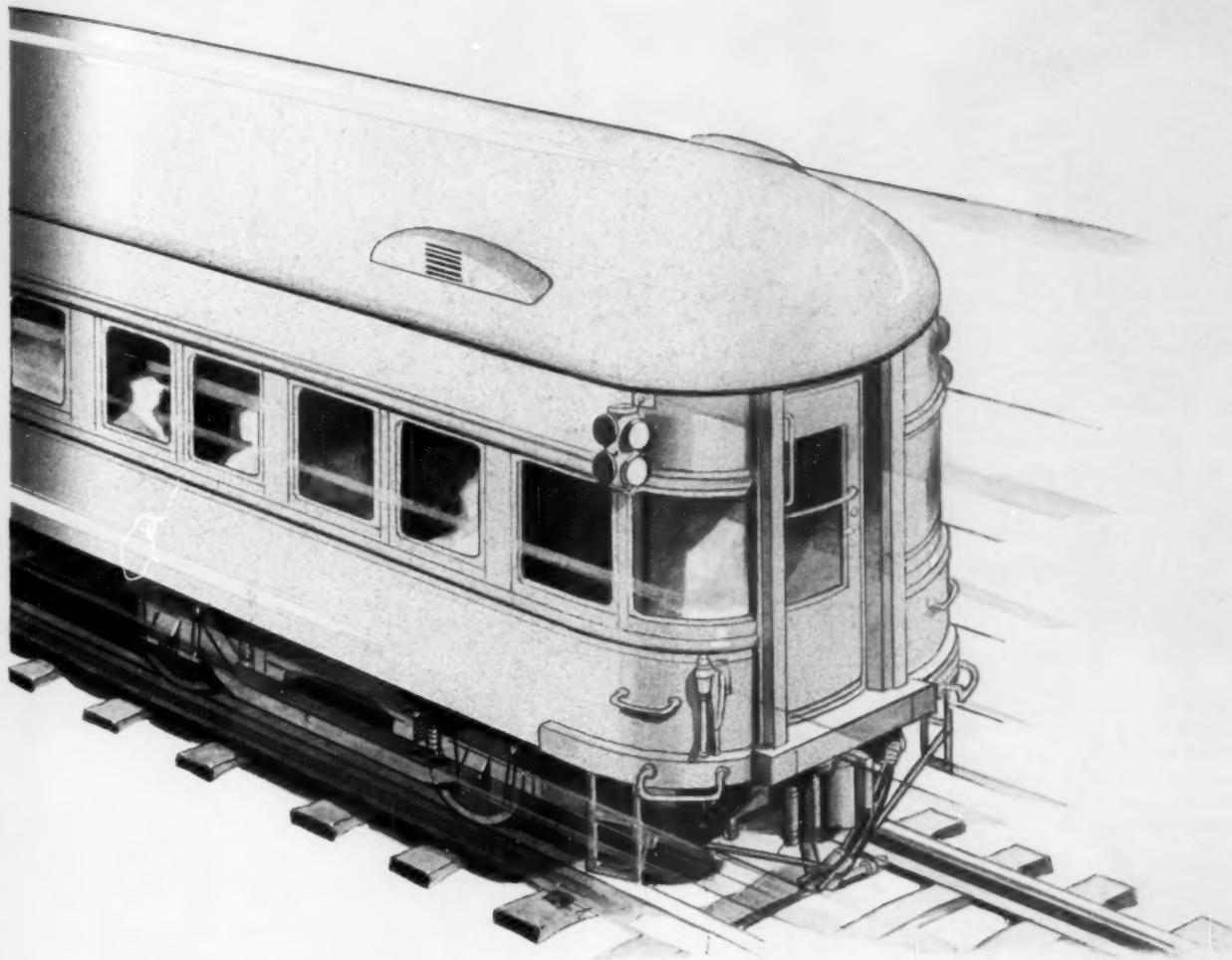
Here Alcoa Aluminum helps with its light weight, its light-reflecting surface. A color-filter gives this fixture the appearance of expensive translucent glass but the light is really indirect. Made of deep-etched aluminum, it is equally attractive day and night.

Bringing efficiency and economy to industry, saleability to industry's products, Alcoa Aluminum is finding its way into most progressive plants. Light in weight, yet strong as structural steel, non-contaminating, non-magnetic, a good conductor of heat and electricity, this is the ideal metal for production equipment. To the finished product, Alcoa Aluminum brings ease of handling, durability, attractiveness. In the plant itself Alcoa Albron as a paint pigment protects against rust, weathering, smoke and acid fumes—makes brighter working conditions.

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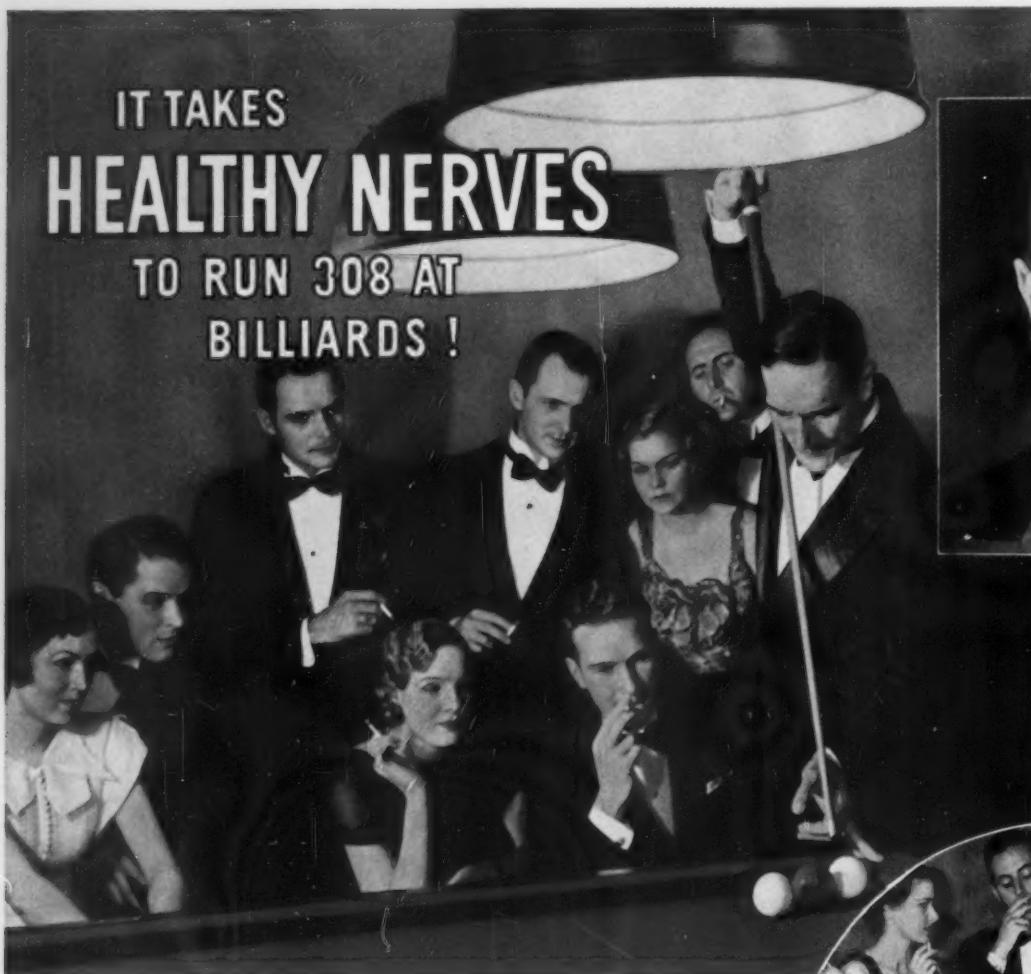
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Builders of riding comfort and safety for three-quarters of a century, Pullman takes another step forward with the new "George M. Pullman"—made almost entirely of the light, strong alloys of Alcoa Aluminum. Cutting 50% from the weight of the standard Pullman, Alcoa Aluminum makes for swifter, smoother riding with even greater safety, greater durability of struc-

tural parts. Alcoa Aluminum comes in every form needed for car construction—extruded shapes and sections, rolled plates, structural shapes in any desired length up to 90 feet. For these reasons, too, all transportation units—buses, trucks, tank cars, mine cars, elevators—every form of mass in motion is rapidly being redesigned from the wheels up in Alcoa Aluminum.

ALCOA ALUMINUM

IT TAKES
HEALTHY NERVES
 TO RUN 308 AT
 BILLIARDS !



● MR. HAGENLOCHER says, "If I were giving one simple rule for successful billiard play, I should say, 'Watch your nerves!' That's why I've smoked Camels for years. They never upset my nervous system."

● ERICH HAGENLOCHER, twice 18.2 balk-line billiard champion of the world. Healthy nerves have carried him successfully through the sternest international competition to many titles.

● RIGHT—TALKING IT OVER calls for more Camels. Steady smoking reveals the true quality of a cigarette. Camels keep right on tasting mild, rich and cool... no matter how many you smoke.

Steady Smokers turn to Camels

"I know of no sport," says Erich Hagenlocher, "that places a greater strain on the nerves than tournament billiards. The slightest inaccuracy can ruin an important run. One simple rule for success is, 'Watch your nerves!' I have smoked Camels for years. I like their taste better and because they're milder, they never upset my nervous system."

There is a difference between Camel's costlier tobaccos and the tobaccos used in other popular cigarettes. You'll notice the difference in taste and in mildness—and Camels never jangle your nerves. You can prove this yourself. Begin today!



IT IS MORE FUN TO KNOW

Camels are made from finer, MORE EXPENSIVE tobaccos than any other popular brand. They give more pleasure. Your own taste will confirm this.

Camel's Costlier Tobaccos

NEVER GET ON YOUR NERVES
 NEVER TIRE YOUR TASTE

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 R. J. Reynolds Tobacco Company

(Continued from page 32)

the flow of new capital into private enterprise in the United States, exclusive of refundings, averaged about \$5,000,000,000 a year and reached more than \$8,000,000,000 in 1929. In 1932 this flow of new capital into private enterprise had diminished to \$325,000,000. It is estimated that in 1933 it will not exceed \$250,000,000. By the end of this year, the deficiency in this supply of capital to private enterprise since 1930 will exceed \$8,000,000,000.

Government uses the capital

IN the same length of time government debt—municipal, state and federal—will have increased by something more than a like amount. In the face of these figures it is not hard to understand why private enterprise has lacked an adequate supply of permanent or long-time capital to stimulate business. Private enterprise cannot compete in the capital markets with an expanding government debt. Particularly is this true when enterprise is further harassed, as has been pointed out, by the exactions of the recently passed Securities Act of 1933.

A supply of long-time credit at reasonable cost is not alone sufficient. To stimulate a forward-looking demand for durable goods, they must be obtainable at prices low enough to make probable a profit in their use. The expectation of profit is decisive. The pricing of such goods beyond that justified by the general level of economic activity and the general demand for goods will sharply discourage this forward outlook. Present production conditions and costs approaching in many fields the cost of 1929 offer little incentive to anticipate future needs of this character.

The idea that capital has in the past obtained an inordinately great share of the proceeds of industry has a present currency. The record does not direct that conclusion. Without considering "capital losses" the return on "net worth" has averaged less than six per cent a year in prosperous periods. When "capital losses" are taken into account, this return is greatly diminished.

Professors Warren and Pearson of Cornell University have pointed out that, in the period from 1840 to 1914, "real wages"—income measured in the things money would buy—increased at the compound rate of 1.71 per cent a year. At the same time the physical volume of production increased at the rate of 1.73 per cent a year. Their viewpoint is that this rise in the purchasing power of wages has been due to increased productiveness of labor resulting from the mechanization of industry and agricul-

ture. It is possible to believe that any effort to increase "real wages" above this point by a greater diversion of profit to wages—that is, increase of wage rates—will result in such a decrease of the flow of new capital as to curb enterprise sharply and cause unemployment in the field of durable goods.

The situation boils down to this: Investors will not commit their funds to the rehabilitation of capital goods industries until a better likelihood of profit appears. The appearance of profit is, of course, qualified by the opportunity to control costs. No business man will plan replacement or expansion until he feels that the present is reasonably secure and that the guideposts to the future are dependably placed. But even this state of mind would avail little as long as lenders and borrowers are unable to turn to an investment market in which corporate securities can be freely sold at the need of sound industries.

The idea that profit is out of place in a managed economy is finding its own stern revision in the difficulties of the so-called "heavy industries" in applying recovery remedies. It is clear enough that the purchase of capital goods is guided by business men's estimates of

capital goods down to the common level of interest and replacement.

What can be done to fill the gap left by the withdrawal of the private investor is still something of a riddle despite the support that may be derived from public works expenditures.

Prices must stay low

ANY serious regard for the plight of the capital goods industries must take thought of the relativity of the individual constituents. Codes of fair competition drafted under the National Industrial Recovery Act prescribe maximum hours of work, minimum wages, and other conditions of employment and production. It must be clear that the products of all the capital goods industries cannot be sold in equal volumes. One industry may find that its present volume of sales can be sustained on a 15-hour week; another with as compelling reasons may see that its outlet justifies a lesser production period.

But suppose that more hours must be paid for than actually go into the making of the product. Then costs of production will mount to such altitudes that any prospect of sales will disappear. The possibility of spreading employment will vanish. If the business is to keep going, costs must be kept at a level that will enable a pricing within reach of possible purchasers of the product. There is more likelihood of selling a locomotive made to sell for \$100,000 than a similar one which must be marketed at \$250,000 if its makers are to stay in business.

This control of costs is a decisive factor in any movement toward stimulation of sales of capital goods. But it can be achieved without reducing the workman's standard of living only by authorizing work schedules which will permit the worker to earn a living wage at a rate which provides for selling the product at a sustaining profit. To say that a plant must operate five days a week when its orders require only two days' production is no challenge to patriotism. It is an invitation to bankruptcy or receivership.

A fair-minded consideration of the economic significance of the heavy equipment industries directs the conclusion that they are the best available medium for increasing the purchasing power of the nation.

The reason is, of course, that they are the only medium through which expenditures for employment can flow without a corresponding increase in the inventories of consumption goods to be absorbed by the purchasing power which would thus be created.

"DURING every depression," says Mr. O'Leary, "new enterprise hesitates, existing ventures falter and the demand for new durable goods diminishes to the vanishing point. This situation constitutes the greatest single source of industrial unemployment.

"It can be relieved only by opening up new ventures, which, in turn, will be undertaken only in anticipation of profit"

the investment's ability at least to replace the principal and pay the interest on the money invested. When particular forms of capital goods fail to measure up to this standard, these forms will not be replaced as they wear out. When certain forms enable business men to get any considerable surplus over and above interest and replacement the tendency will be, so far as competition rules, to increase the investments in such forms, and in this way to force the earnings of these specially advantageous forms of

Two Months of the Securities Act

By PAUL McCREA

THE birth of the Federal Securities Act of 1933, it must be confessed, was hailed with no public festival of thanksgiving. The purpose of the Act was to protect the investor against the unwary purchase of fraudulent securities.

This protection, it was hoped, would revive public confidence in new securities, simplify the financing of legitimate business and save for worth-while enterprise money which was formerly sunk in the pockets of plausible but dishonest promoters.

There was no quarrel with these aims. The complaint was against the procedure by which the Act intended to accomplish them. Under this procedure, every would-be issuer of new securities for sale in interstate commerce must file with the Federal Trade Commission a registration statement containing such facts as are needed to judge the value of the security and also a copy of the prospectus by which he proposes to lay those facts before the public.

Should the Commission find omissions, inaccuracies or untruths in these documents, the would-be issuer has 20 days to file amendments. If he fails to do this, the Commission may issue a stop order, preventing sale of the securities.

Moreover, should any buyer of the security suffer loss because of untruths in the registration statement or prospectus, the directors, principal officers, accountants, engineers, appraisers and underwriters of the issuing company are liable for damages and are also criminally liable.

These liability provisions are regarded as so vigorous as to make all men fearful of identifying themselves with the issue of new securities. In this event the effect of the law would be to prevent most of the things it was trying to encourage.

Two months after the law went into effect, there was still no general agreement as to whether it was a help or a hindrance. Although in August, the first full month in which the new law was in effect, the total of new corporate

BEFORE the Securities Act became a law, opinions were expressed that its provisions were so harsh that they would virtually prohibit flotation of new issues. After the law went into effect there was no general agreement as to whether it was a help or a hindrance. This article shows, however, what has actually been done

financing was remarkably low, nobody can say what it might have been had the law not been in effect.

The August total was only \$14,049,013.

The figure is from the *Commercial and Financial Chronicle*, which states that in the same month in 1932 the figure was a little more than \$133,000,000; in 1931, about \$52,000,000; in 1930, almost \$190,000,000 and in 1929 somewhat more than \$788,000,000.

The lowest previous figure in many months was in March, when the country was under the influence of the banking holiday. Then the total of new financing dropped to \$19,346,417.

Capital market is hesitant

IT IS unreasonable, of course, to blame the low August figure entirely on the Securities Act. Such a view, says Baldwin B. Bane, "neglects wholly the fact that the state of the capital market is such that financing is hesitant for reasons that go far beyond the Securities Act."

Mr. Bane, who is chief of the Federal Trade Commission's Securities Division, adds:

"Even in the issues exempted from the registration requirements of the Act, the lack of financing is apparent. The hesitancy of short-term financing has become a matter of national concern. Municipal long-term issues have practically disappeared. Railroad financing, expressly exempted from registration under the Act because of its supervision by the Interstate Commerce Commis-

sion, is stagnant and, for refinancing, the railroads turn to the Government and not to the public."

Nor could the August figure be blamed on delay in the Commission's office. On July 7, the day the new law took effect, new securities totalling \$64,000,000 were registered by 36 companies, several of which registered a number of separate issues. By July 27, the first day these securities could legally go on sale, 50 of these registrations became effective.

By late September, the number of registrations had grown to 265, representing new securities totalling some \$250,000,000.

The majority of these registrations were for issues by investment trusts. Brewery and gold-mining stocks made up the second largest group. This, in Mr. Bane's opinion, was natural. Addressing the convention of Affiliated Better Business Bureaus, on September 12, he said:

First to register were the investment trusts—a fact necessitated by the circumstance that these organizations are continuously offering new securities to the public. There followed a series of highly speculative issues, consisting mainly of breweries, gold mines and oil participations. Within the past few weeks, staid and conservative issues have been registered consisting both of new and old financing. Similarly, recently a number of registrations have been received for certificates of deposit issued in connection with reorganization proceedings.

The sequence of these registrations and their rapidly changing character were to be expected. Hesitation naturally attends new legislation and the assumption of new responsibilities. But the speculative pressure in breweries and gold mines, intensified by the times, made flotation of securities in these industries irresistible. As the necessities for reorganization and financing pressed, registration in these fields ensued and as hesitation disappeared and understanding of the Act grew, new and conservative financing appeared upon the docket.

The day-by-day registrations show the trend. Of the 36 firms which filed on the first day, nearly all were investment trusts. The list included:

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sey City.
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 Capital Savings Plan, Inc., Philadelphia.
 Corporation Equities, Inc., New York.
 Cumulative Shares Corporation, New York.
 Distributors Group, Inc., New York.
 Equity Corporation, Jersey City.
 Financial Independence Founders, Inc., New York.
 Fundamental Group Corporation, Jersey City.
 Fundamental Investors, Inc., Jersey City.
 Hamilton Depositors Corporation, Denver.
 Income Foundation, Inc., Baltimore.
 Incorporated Investors, Boston.
 Independence Shares Corporation, Philadelphia.
 Independence Fund of North America, Inc., New York.
 Investment Trust of New York, Inc., New York.
 Massachusetts Investors Trust, Boston.
 Munlock Toy Company, Inc., Washington, D. C.
 National Farm News Publishing Company, Washington, D. C.
 Qualified Gold Shares, Inc., Jersey City.
 Quarterly Income Shares, Inc., Jersey City.
 The Republic Company, Denver.
 San Juan Ramsey Company, Boston.
 Selected American Shares, Chicago.
 Standard Corporations, Inc., Jersey City.
 Standard Industrials, Inc., Jersey City.
 Standard Oilshares, Inc., New York.
 Standard Utilities, Inc., Jersey City.
 Supervised Shares, Inc., Jersey City.
 Texas Gulf Producing Company, Houston.
 Trustee Standard Shares, Inc., New York.

A list of registrations released the day after Mr. Bane's address included these firms:

Chemical Products Manufacturing Corporation, Baltimore.
 Christian Moerlein Brewing Company, Inc., Cincinnati.
 Dana Point Corporation, Los Angeles (real estate).
 Eaton and Howard Management Fund "A-1", Boston.
 Eclipse Gold Mining Company, Ltd., Montreal.
 George M. Forman Realty Trust, Chicago.
 John Graf Brewing Company, Milwaukee.
 Guarantee Reserve Life Company, Fort Collins, Colo.
 Hamilton Manufacturing Company, Two Rivers, Wis.
 A. H. Ide and Company, Inc., Troy, N. Y. (manufacturers).
 Industrial and Power Securities Company, Philadelphia.
 The Laclede Gas Light Company, St. Louis.

Laclede Power and Light Company, St. Louis.
 Lockheed Aircraft Corporation, Burbank, Cal.
 Motors Securities Company, Inc., Shreveport, La.
 Mouquin, Inc., Brooklyn, N. Y. (food and beverage importers and produce).
 Nicola Mines and Metals, Ltd., Vancouver, B. C.
 Norins Realty Company, Inc., Los Angeles.
 Pittsburgh Parts Corporation, Pittsburgh (makes and deals in auto parts).
 Plastic Products Engineering Corporation, Newark, N. J.
 Travelers Publishing Corporation, New York.
 United Gold Equities of Canada, Ltd., Canada.
 World Finance Investment Trust, Boston.

The smallest securities issue contemplated by these registrants was \$200,000. The largest was \$5,775,000; the average was slightly more than \$1,000,000.

These additions brought the number of registrations to 227, covering securities aggregating approximately \$226,200,000. Of these registrations, 115 had been approved. Stop orders had been issued against the sale of five.

Twenty-seven others had withdrawn their statements, a procedure which does not seem to have been contemplated in the original act and may or may not be used to prevent a stop order being issued. It is adopted when the company whose statement the Commission regards as misleading or incomplete is unwilling or unable to supply the information required. A common cause is inability to supply the needed information within the twenty-day period. The companies prefer to withdraw the registration and start over rather than have the stop order published.

By early October the registrations numbered 270; six stop orders had been issued. The new securities represented totalled \$255,000,000.

Fear called exaggerated

THERE were indications, too, that the fear of the new law was losing its keenest edge. In Mr. Bane's opinion, this fear, especially as regards the liability provisions, has been greatly magnified.

"Certain statements are to be made," he said, "and certain persons are held responsible for them. That responsibility, except for the issuer of the security, is not one of guaranteeing their accuracy. It is one of taking due care that they are accurate; that, considering the trust placed by investors in them, they used such care as can reasonably be expected of them to check the truth of these statements."

The purpose of the Act, of course, is not to put people in jail. Its purpose is not even to prevent the issuance of "blue sky" or speculative securities. One

registration which early became effective showed that, of the \$1.20 charged for the stock, 75 cents went to the agent, 25 cents to the officers and 20 cents into the property. Under the law this stock may be sold to anyone who wants to buy it. The Government does not guarantee that it is a good stock. It merely guarantees that the statements regarding it are true.

The difficulty of preparing these statements, especially for large companies with subsidiaries in many places, is still being stressed, but a philosophical note is making itself heard.

One New York man saw the situation as somewhat similar to that which followed passage of the income tax law.

"At the beginning," he said, "everybody was scared. Men felt that everybody would probably have to go to jail because of errors in their returns. After a while, they found out that nobody suffered much for errors honestly made and that, with a little experience, such errors could be avoided. This act probably will be much the same."

Registration is simplified

THE ways of working with the new law are also being simplified. Forms have been provided which make the registration of various types of securities less complex. Some companies have reduced the threat of liability through use of a receipt which the prospective buyer must sign as proof that he has actually seen the prospectus as the law requires. Several investment houses are reported to be seeking legal methods of complying with the essential requirements of the law without incurring the liabilities and responsibilities which, according to wide opinion, are actually more oppressive than Congress meant to impose.

At least in spots, the state of mind is becoming more philosophical. Men are expressing a desire to cooperate with the Government in carrying out the provisions of the law where possible and advising with authorities as to the needful changes where conformance to requirements is proved impossible.

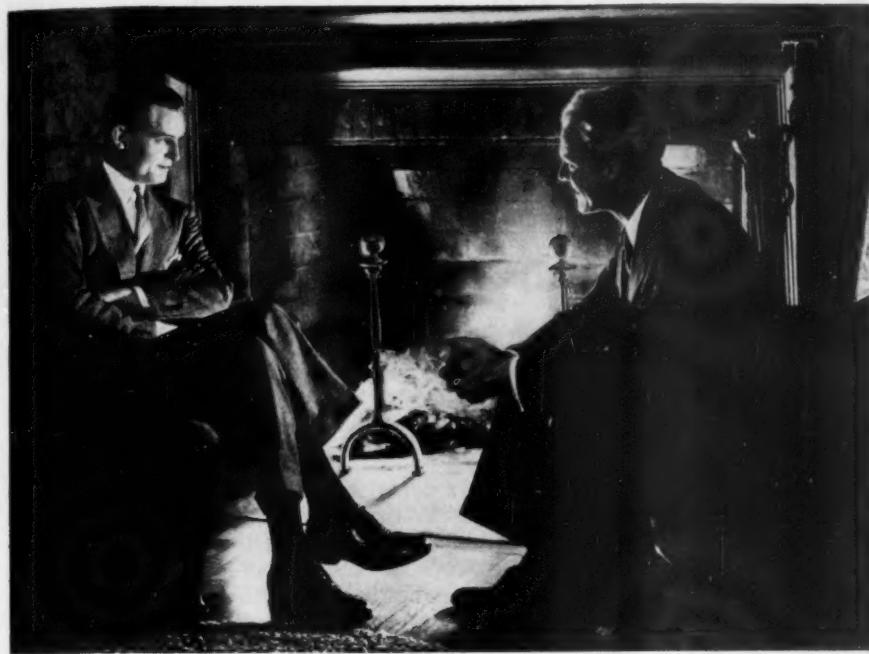
Robert E. Christie, of the Investment Bankers Association, is one of those who emphasize the need of "adjusting ourselves" to the law.

He told the Financial Advertisers Association:

"No matter what may be the peculiarities of the Securities Act, this is certainly no time to be hypercritical or to hold back on technicalities. This country is going forward. We cannot allow it to go backward again."

"The time calls for imagination and courage to support the President in seeing to it that this fundamental fact is understood and that there is general realization that a sound basis for the gradual expansion of credit has actually been established."

Ownership of sound Life Insurance can solve most of the money problems your family will meet



THE first step toward solving your various money problems successfully is to arrange them in their order of importance.

You will probably agree that before anything else is considered there should be an Emergency Fund to take care of the bare necessities of your family if anything happens to you.

Then follows the problem of providing a definite income for the months or years during which those dependent on you are readjusting their lives. It will take money to educate the children. There may be a mortgage to meet, or hospital and doctors' bills to pay.

Now it is fair to consider what you will do with this Fund, if it is not needed for an emer-

gency. It can then be used to furnish a monthly income for you and your family at a time when you may wish to drop the cares of business, but would be unable to do so unless an income were assured.

You see, in building a Program of Security which is broad and flexible and provides for many contingencies, you squarely face your different money problems and your ability to take care of them.

You can have, without any obligation on your part, the benefit of the experience of a Metropolitan Field-Man.

He will be glad to help you lay a sound foundation for your Program upon which you can build in the years to come. Send for him. Or mail this coupon.

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Many journeymen have left their trade and started their own business

I will be on the road again as I was in '31, advertising in a half dozen cities for skilled mechanics and advancing transportation to everybody that looks good."

"Believe me, we didn't haggle over the 15 cents an hour difference between what he wanted and we offered. With \$300,000 tied up in one machine waiting for the juice to be turned on, the G. M. told me to wire him to come at once and answer collect when he'd arrive."

"What does this mean to me?" you ask.

Merely this: we are headed toward the most drastic shortage of skilled labor in our history.

To the man after a job, the employer after men—in short, to most of us—that ought to mean plenty.

First, take this younger generation. Since the dawn of 1930 I can recall not a single boy I've met in and out of my office of whom I could say when he had finally "landed something" that the job in itself offered him the faintest hope of acquiring the skill that earmarks a trade.

American industry ceased in late 1929 to teach skill to men of all ages. Glamorous exceptions merely copper-rivet the generalization.

Though nation-wide statistics are meager, studies made in selected industries in a definite area, notably in textiles and the building trades, all net approximately the same total. Through a country-wide hook-up, Frank Cushman, Chief, Trade and Industrial Education Service of the Federal Board for Vocational Education, gives us this recent picture of what we've done in training youth in tasks requiring skill:

One-fourth of our states report no apprentice training programs in cooperation with their public schools. The others report 31,595 apprentices enrolled in part-time and evening classes learning the fundamentals of 170 trades and occupations. New York, Illinois, Wisconsin and Ohio claim the spotlight. Potential building and construction mechanics head the list with embryo electricians and future machinists next.

As for apprentices trained on the job and sponsored by private enterprise, a scant third of our states report 11,994 enjoying the opportunity of learning a trade. Employers

The Bull Market in S

By KENNETH COOLBAUGH Penn. Department

★ THE time: Early July, 1933. The Place: A hotel dining room in an industrial city of two million population. Present: A group of employment men.

Random bits of conversation like these buzzed about:

"Tell me where I can lay my hands on 75 sheet metal men experienced in our work and I'll take on 200 unskilled men at once."

"Give us a 20 per cent turn for the better in the shipbuilding industry and

have been too busy trying to keep the men they had to pay new workers for the privilege of teaching them to be useful. As a result of this moratorium on training there is no skill reserve to be drawn on now.

But what of the skilled workers of other days, the journeyman machinist, millwright, metal worker, coppersmith, upholsterer, bushelman, molder, blacksmith—take your pick of 50 lines—whose trade is plied in thousands of cities, towns and hamlets, coast to coast?

"Easy enough to reach—a letter to the last known address."

Can't find old employees

THE employment department of a local plant, a link in a giant chain of the electrical industry, knows better. For three years this plant had been supplying necessities to its long list of furloughed men. Slowly the number of them calling weekly at the plant's relief headquarters declined. Its employment manager sensed what was happening. He ordered a direct personal check-up and found 42 per cent of his former mechanics had moved from the city. The whereabouts of 36 per cent of them was, and still is, unknown.

A morning last autumn I stood in the employment office of a steel fabricating plant. Outside waiting men milled. Suddenly a phone jangled. The yard wanted six acetylene welders, three gangs of riveters—three men to a gang—a boilermaker layer-out and an anglesmith. The door was opened and the crowd outside surged in. An hour later the sifting process had netted two welders and a riveter with three heatermen.

"Six skilled and semi-skilled men from a crowd of 172," the employment man said. "There weren't, all told, 20 mechanics of any kind in the bunch. Six or seven years ago I could have filled at least 16 of these 18 jobs just by going to the door."



"My old man learned a trade and what did it get him?"

old jobs may intrigue a few of them—but only a few. Others feel as does an English-trained plush-mill machinist who today plants and sells nursery stock:

"Yes, it keeps me humping; the days aren't long enough, but I don't have to stand in line morning after morning or sit at home waiting. I was nearly bughouse. Now if I'm doing nothing it's my fault."

A steamfitter, a weaver and a piece-goods dyer work at helper's wages learning electrical refrigeration.

"I've had my eye on that line ever since I bought one, and lost it. It'll be better than ever with beer back."

Skilled Workers

of Labor and Industry

A PROBLEM and an opportunity are revealed in this article by a man who speaks with the authority given by many years of dealing with employment questions. He offers his own views of how the situation may be met by industry

"Even now it isn't nearly as up-and-down as my trade before the crash."

"It's new and it's different. I'm fed up on my trade."

Two high-tension linemen, a painter and three carpenters, their thin resources pooled, sell coal and truck it from mine to homes, private hospitals, small apartments and office buildings.

"It's good coal, cheap, and it's a spot cash business. We just bought another three-ton truck."

A fleet-wire welder, worth his passage money from any port, works a milk route in a seaside resort.

"No, I wouldn't go back to the noise and dirt up there if they'd let me write my own ticket. I haven't had a doctor for any of us since we came two summers ago. Say, the channel bass were sure in close last night."

A former optical lens grinder, a silver engraver, an awning maker, and dental mechanic grace the top bracket of an investment-insurance fund's local sales organization.

Opportunity is fast approaching the fit and willing yearner for a trade for another reason. Because things are not made of what they used to be, the American mechanic in many cases is not today applying his skill to the old tasks. He is making the same article he formerly did but he has learned to work in new materials.

Take the household clock. Within five years its casing has changed from wood to metal to a molded composition. The workers who today mold and finish it were yesterday's workers in metal and wood. Or the modern

"I wouldn't go back to the city for any money"



"I'll be on the road again hunting skilled mechanics"

motor car; there's not a cord of wood in a showroom of them. Thousands who make them were formerly workers in wood in auto-body and carriage shops.

Thus have new materials converted woodworkers into metal workers. Yet does anyone think that firewood is the destined usefulness of mahogany, walnut, oak and pine? There is a living for many in those woods!

Out of it all, then, opportunities are coming—for young men in late 'teens, for the oldster still toting skill, and for not a few of those in-between.

Youth again will learn a trade.

"I wonder if we're going to teach men trades in the old way," I asked the secretary of a trade association comprising more than 175 industrial plants whose employment needs he has long cared for, "I have a hunch we're due for something—"

His gray eyebrows lifted.

Training will be better

"YOU'RE telling me? It's going to be as different as it used to be, well—slipshod."

He reeled off a half dozen plants within a trolley-fare of his office.

"They've all used the same type of machinists for years and at one time or other trained apprentices. When business was good with one of them and the management in a looking ahead mood, the works manager would call in his shop superintendent and foremen and they'd map out an apprentice training program for three to five years ahead. The money would be appropriated, a classroom equipped and probably a director of training hired.

"How many to put in training was always a shot in the air. One or two took on more than their business warranted; others would have trained more if they'd been able to guess right the volume of their future business. Or they'd have taken on more at the outset if they'd been financially better fixed. But the net result was always the same—hundreds of men never completed their training and sooner or later a

lot of the plants were short-handed. Everybody thought in terms of his own plant. Today they're thinking in terms of their industry. Each knows he needs what his competitors need. The drift is toward group action.

"It will mean a new deal to men who want a trade and a new day for the employers who need them. Instead of ten plants out of 150, say, in a district, each training for itself on a hit and miss schedule, they are going to pool their interests in doing the job.

"Whether they do it in one plant or in several will depend on their equipment and location. Sometimes it may be done outside in a plant the group equips or contracts with. The where and how details don't matter. The thing is, it is going to be done by group action—through a central clearing house that will check the whole picture—the present and future demand in a given trade against the supply.

"That means two things. A given industry in a city or district will know what its existing employment needs are and—so far as it's possible to gauge them—what they'll be in the future. It will thus check an overproduction in skill in a given trade as it is now checking overproduction in commodities. Just as important, it will be in a position to keep the supply of skill in step with the varying demand.

"To the worker this means that the completion of his apprenticeship will be underwritten by many plants rather than by one. If business in the plant he's first assigned to takes a nose-dive there will be nine or 49 other plants, one of which will probably employ him. They are not readily going to scrap the one or two year investment they've made in him. More vital still to the worker, a temporary transfer to another plant, four times in five, is just what he needs to give him variety of experience when he can best afford to get it.

"The one-plant worker is the hardest man to find a job for today. Travel always helps the intelligent mechanic. Yes, I'll say it's going to be different all round."

All of which would smack of prophecy but for the fact that each year more manufacturers have handled their employment exactly as my friend sees them handling the training of men. They have formed associations, one of whose distinct functions is to obtain skilled help for their members.

Woodworking, printing, metal manufacturing, building are some of the groups in a score of cities that have maintained divisions which recruit workers, not only from local and outside sources but fill jobs in one member plant with men released by another.

Few of us appreciate how many mechanics the employment departments of individual plants daily refer to other plants for jobs. The employment managers of two of my city's keenest rivals have long called each other daily to check on the availability and whereabouts of hundreds of their skilled men.

"If between us we can't keep them busy, some other city will get them. I'd rather have them working for a competitor here than to be idle or leave town," either of them will tell you.

Swapping employees

TWO giant industrial rivals, a hundred miles apart, have for years swapped the best mechanics their industry has. They realize they will need them badly some day; and can't grow others like them overnight. They realize, too, that it will be harder to persuade men to learn a trade than it has ever been. A blanket proposal that men work two, three or four years at boys' wages to acquire a trade, will bring a roar.

"Why should I learn a trade? Look at my old man—and two brothers—and two of my sister's family. They all did. And what did it get 'em? God knows how long they've been out of work. Me learn a trade? I can make more driving a truck, rustling freight or bell hopping."

To overcome this state of mind two things are essential and a third, it seems to me, practical and well worth thinking about.

Industry must pay the learner a wage sufficient to attract and to hold him; or, pay the worker who has no trade and doesn't care to learn one a wage that will not draw from industry the type of worker which industry and the country most need.

Second, Government can do this: Permit our interstate transportation companies to give properly accredited workers in one state a special rate to jobs that await them in another. Washington long has permitted them to give bargain rates to the man who wants to see the Grand Canyon or Niagara Falls. Why not a favored rate to men who want work but have no money to get to it? Canada, through its chain of public employment offices, has been doing this for years.

Finally, might not Government say this to industry today:

"You've got to help us restore the buying power of the nation. To do that we must give men work. Shorter working hours and new wage standards are helping, but shorter working hours and many other factors are cutting to the bone your skilled labor reserve. The training of new men is up to you. If you do it well, armies of men will be back on the job again—and buying. But to put the job across means teamwork.

What Government could do

"BRIEFLY, this is what we have in mind. For every worker your group employs for the express purpose of learning a trade we'll make a definite contribution to your industrial group.

"The amount and when it should be contributed, we can both work out; so much at the end of the first or second year of training, or maybe a lump sum after the worker becomes a full-fledged craftsman. Let the details ride for the moment. We can agree on them later, around a table, face to face. Meanwhile, what do you think about it? Shall we talk it over?"

Certainly, neither Government nor industry today ought to quake at the thought of a government bounty on skill, for only this week Government gave more than an average apprentice's yearly wage to one of its citizens who, to help balance the national supply and demand, had turned under 40 acres of his staple crop.

But no matter what Government or industry do about the matter in the immediate years ahead, skilled men are at a premium today.

If you're skeptical, don't take my word for it. Do, rather, as I've done—talk with brokers in jobs like Ed McIlvain out at the auto-body works; Garret Schenck with the radio bunch; Neil Fisher of the container crew; Gene Vickers with the shipbuilding crowd; Harry Langdon, of the ball-bearing plant; Jake Beckett at the glass works; or Ralph Swavely at the steel mill.

An airplane against an army mule they'll say to you what they have been saying to one another and to me for many months:

"The able-bodied worker who today totes skill or the will to acquire skill, is once again, or soon will be, sitting at the top of the world."

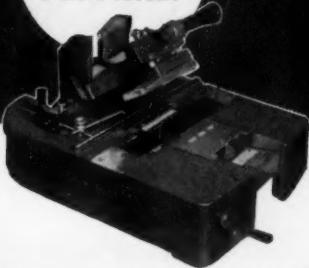


Of his former mechanics, 42 per cent had left town

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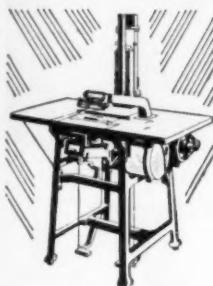
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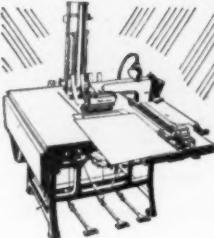
Hand-operated. In mailing, order routine, billing, accounting, listing, dating and letter fill-in . . . and scores of other operations where names, addresses, and other important business information must be repeatedly written on forms of every kind, the Model 700 makes possible greater savings and profit. Speed 2000 per hour. Low price. Terms. Free demonstration.

*Model 100 Addressograph, \$42.50, f.o.b. Cleveland.



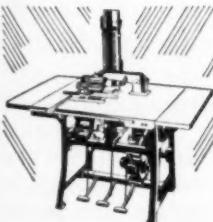
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Designed to provide at low cost the convenience, speed and capacity of electrically driven name-and-data writing equipment for concerns whose requirements are too great for hand-operated models. 2500 per hour.



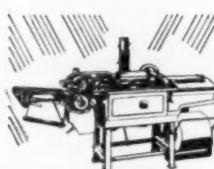
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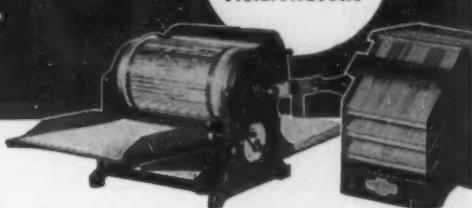
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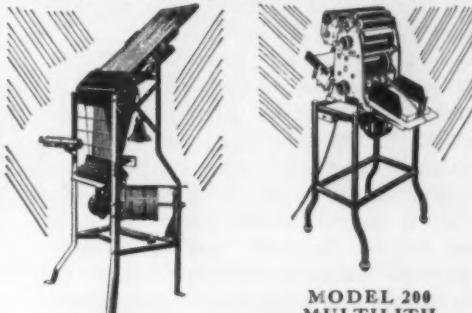
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(Illustrated) *Model 100 Multigraph \$115. Model 59 Typesetter \$30



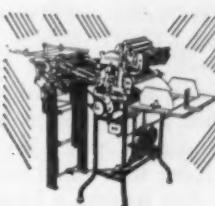
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Folders, booklets, bulletins, price lists, cards, stationery, house organs, tags, bags, sales letters . . . these, and many other types of ink-printed and ribbon duplicated material can be produced on the Model 57 at low cost. Speed 5000 per hour.

Addressograph

TRADE MARK

Multigraph

TRADE MARK

Shifting Billions in Farm Loans

By HENRY MORGENTHAU, JR. Governor, Farm Credit Administration

WHY have farmers applied for federal land bank and Land Bank Commissioner's loans, since the Farm Credit Administration was organized last May, amounting to three-fourths as much as the 12 federal land banks had outstanding on that day after 16 years of business?

The answer is rather obvious to those who have been following agricultural conditions. It is because of pressure to pay debts, lack of sources of credit and the favorable terms which it has been possible for the federal land banks and the Land Bank Commissioner to offer new as well as old borrowers.

Few people realize even now that 20,000 farm homes were broken up every month last year by foreclosure, bankruptcy and eviction or by the voluntary surrender of the properties to the mortgagors. In the past seven years more than a million families have thus been set out on the road, leaving valuable property vacant or in rentor's hands or to be sold at greatly depreciated values, uprooting approximately 5,000,000 individuals from a vocation which included a way of life.

Such a break in the social fabric called for action. The trend of events had to be stopped and reversed. The Farm Credit Administration is tackling the stupendous task from two angles, and some states are adding a third. The land banks have reduced their interest rates, and payments on principal are temporarily suspended when good farmers cannot pay. Foreclosures by these banks, and most other lenders, have been reduced to a small number.

Let us take a hypothetical, yet fairly representative case, of a mid-western farmer and examine some of the benefits which he sees in the new situation. His mortgage debt probably was financed for a period of three to five years and he was being pushed to pay it—possibly being threatened with foreclosure. The rate of interest on his debt was five to eight per cent and when interest rates were high he might have to pay a commission to be refinanced. Thus his farm was financed for a short period and he was undertaking to operate it on a long-term basis.

Congress, through authorization to the United States Treasury to purchase



Some 20,000 farm homes were broken up every month last year by foreclosure and other financial difficulties

THE MAN in charge of the new program of farm relief tells here something of the nature of the problem and the methods which are being used to meet it

stock and subscribe to the paid-in surplus of the Federal Land Banks made it possible for these banks to say to that farmer:

Lower interest rates

"DURING the next two years we offer you a long-term loan carrying a five per cent rate of interest, but during the five-year period until July 11, 1938, we will not charge you more than 4½ per cent, if your loan is made through the local national farm loan association, and five per cent if made directly by the bank. If you pay this interest promptly, and live up to the other agreements in the mortgage we will not require you to pay any instalments on the principal

during this same period. You will have to subscribe to stock in the association or the bank to the extent of five per cent of your loan, but the savings in interest rate within the five-year period will likely be greater than the cost of the stock, and the loan runs for 20 to 30 odd years. You will save nearly one year's interest in five because of the low emergency rate."

Naturally the farmer jumped at the opportunity to be refinanced under such terms. He applied to the secretary-treasurer of the local national farm loan association and filled out an application for a loan. He listed all his assets and answered the questions necessary for the bank to determine, after appraisal, whether it could make a loan on the

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takes Strength..."

*...Gar Wood spills
inside story of
Miss America's Speed!*



IT's just a few minutes before the race...Britain's eighthtry in thirteen years to lift the Harmsworth Trophy. Gar Wood opens up the throttle of the defender. Miss America feels

the full force of her quadruple power plant. 6400 horsepower surges through shafting and propellers to meet the water in a mighty kick. Miss America sweeps forward with a roar...90...100...120 miles an hour!

"To transmit 6400 horsepower, exceedingly high-strength propeller shafting is required," Wood explains, after the race. His seamed face crinkles into a smile. He has an engineer's true delight in the achievement of a marvelous

mechanism. "In addition, it is absolutely essential that the metal be as free as possible from any kind of flaw or defect.

"Monel Metal was my selection because I knew it would meet these requirements. For exactly the same reason I specified Monel Metal Federal-Mogul Tru-Pitch propellers. The performance of both shafting and propellers in the Harmsworth race justified their selection."

Dramatic Qualities, in Boats ...Indispensable in Industry

Add to strength and freedom from flaws and defects, Monel Metal's rust-proofness, its resistance to corrosion (even by sea water) and you understand why Monel Metal shafts and propellers are first choice of owners of all sorts of power craft.

Dramatic qualities, these, when trans-

lated into terms of racing boats or deep-sea cruisers. But they're equally as useful qualities when embodied in equipment for laundries, textile dye-houses, drug and pharmaceutical plants, canneries, packing houses, hospitals, hotels and restaurants.

The Monel Metal Sink in your own kitchen, the cabinet top, range or table top, will never have to stand usage as severe as Monel Metal industrial equipment, but it could. That's why modern homes everywhere feature this remarkable metal.

And if, in your business, rust, wear or corrosion are taking a toll of high costs, we'd like to show you how others with exactly the same problem have cut waste, speeded production and improved quality by the use of Monel Metal. Write for the facts.

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Long before the sprinklers go into action, long before the engines arrive—the watchman making his rounds should detect the flame and put it out.

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The way to stop a fire is before it becomes a big one—any other way means loss—to risk loss these days is more hazardous than it has ever been before.

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security he had to offer. At the same time, he was told by the secretary-treasurer of a fund of \$200,000,000 appropriated by Congress to be lent by the Farm Loan Commissioner, an officer in the Farm Credit Administration, mainly on the security of second mortgages on farms to aid in the refinancing of farms.

"If the land bank cannot lend as much as you need to refinance your debts, perhaps a second mortgage loan from the Commissioner will solve your problem," the secretary said.

The farm was appraised and it was determined that the land bank could lend approximately 50 per cent of the value set on the property by the appraiser. The maximum amount that could be lent would be 50 per cent of the appraised normal value of the land plus 20 per cent of the value of the permanent, insured improvements thereon.

At the same time the appraisal was made for the land bank, the property was appraised for a Commissioner's loan. Such a loan may not exceed \$5,000 to an individual nor can it, when added to the other indebtedness against the property, be more than 75 per cent of the value of such property. The land bank and the Commissioner's loan, therefore, could equal 75 per cent of the security offered, and in the case of the Commissioner's loan it might include pledging personal property such as live stock and implements.

If the farmer's debts could be paid by either or both of these loans he was told whether a land bank loan or a Commissioner's loan or both could be made and the amount or amounts. The purpose of the Commissioner's loan is not merely to permit the shifting of creditors. When refinanced, the farmer must not have a debt of more than 75 per cent of the appraised value of his security.

Disagreement on values

IF THE two loans would not cover the indebtedness on the property, the only chance the farmer had of being refinanced from these sources was to get his creditors to scale down his indebtedness to the amount that the bank and the Commissioner could loan. This many farmers have been able to do, for many creditors would rather have the reduced amount of cash than a larger promise to pay. Others refuse to scale down, disagreeing as to values or preferring to speculate on an increase in the value of farm lands. The scaling down of debts is done entirely by agreement between creditor and debtor and the land bank or the Commissioner does not enter into the transaction.

When the Farm Credit Administration was organized last May, there were 212 appraisers in the federal land bank system, only a skeleton from which to

build the necessary organization to handle the great volume of applications which were shortly received. In the six months from May to October, the land banks and the Land Bank Commissioner received applications for loans aggregating more than \$800,000,000, whereas the loans outstanding on the books of the 12 federal land banks on the latter date were only a little more than \$1,000,000,000, after about 16 years of business. In the entire year of 1932 the land banks lent only \$27,000,000. Late in September loans by these banks and the Commissioner touched the million dollar a day mark for the first time, and we expect to increase this rate as rapidly as trained appraisers and other personnel can handle applications.

Training appraisers

BY OCTOBER 1, we had about ten times as many appraisers as in May and 2,300 more were in training and nearly ready to take up their duties. The number being trained was being increased at the rate of about 100 daily. We intend to augment this number until the accumulation of applications has been whittled down to a point where the applications can be handled within two to three weeks from the date they are received.

These farm appraisers are not only given a preliminary schooling in the fundamentals of what factors make up the value of a farm but they are trained in the special requirements of appraising the security offered for land bank and Land Bank Commissioner's loans. After they are placed in the field on trial they work for some time with trained appraisers and then their work is checked carefully before their appraisals are accepted as security for loans. Even after that their work is subject to a periodical check by the chief and reviewing appraisers. Many of the applicants cannot make the grade. It is no sinecure to appraise farm lands day after day and make a thorough job of it. To speed the work as much as possible, and therefore to get the maximum number of appraisals each week, much of the pencil and copying work of the appraiser has been assigned to others.

The work of handling the applications does not all fall upon the appraisers. The forces in the banks have been greatly increased and the work of searching titles to a large extent is being transferred from the bank to attorneys in the field, particularly where there are a large number of applications from a community.

With all this demand for speed we insist upon careful and helpful consideration of each individual applicant and courteous treatment. Emergency needs of applicants are given priority as are applicants who are now indebted to closed or restricted banks. In the latter cases, of course, the loans not only bene-

1½-TON to 7½-TON *What size truck does your job require?*



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International Harvester automotive engineers have campaigned untiringly against every new hauling problem that conditions have presented. Year after year they have built their findings into better trucks. Year by year their trucks have built a reputation that has grown priceless with advancing time, and this reputation in turn has built a phenomenal record of sales and success.

International Trucks go forth today with new beauty and performance of which new and old owners will be proud. They are as fine underneath as they are pleasing to the eye. Thanks to farsighted policy they are *engineered for the job*, whatever the job may be.

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—THE
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BY the installation of the Egy Speed-Feed we have saved considerable time in billing and the writing of orders as well as having taken a lot of the monotony and drudgery out of this feature of the office routine.

That's what the Columbus Metal Products, Inc., Columbus, Ohio, writes about its Egy Speed-Feeds. The Egy Speed-Feed automatically interleaves and withdraws carbons. Eliminates the costly expense of pre-inserted (one-time) carbons. Reduces lost motion to the minimum. Used with Egy continuous stationery, it speeds up the issuance of all business forms.

Adaptable to any standard typewriter and Burroughs Typewriter Billing Machine (Moon Hopkins) without any change in typewriter construction. Slips on or off in an instant.

Five minutes demonstration of the Speed-Feed will prove its value to you. Use coupon for more complete information without obligation.

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I'm willing to learn how an Egy Speed-Feed will pay for itself in less than a month's time. Also tell me how I can use an Egy Register System.

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fit the farmers directly but also help to thaw out the assets of local banks, thus benefiting the depositors and the communities.

Appraisal of farm property, or almost anything for that matter, for the purpose of setting a long term loan value on it, differs from the appraisal made for a short-term loan. Many a local banker or lender has felt safe in making a larger loan on a farm for a few years than the same lender would consider conservative and safe if it were to extend for 20 to 30 years.

The short-term lender usually figures that he can call the loan within a short time if crop or market conditions change, if the farmer does not make good or there is trouble in the farmer's family. Not so with the long-term lender. He is in the picture for much of the active lifetime of the borrower. He has to be sure that the loan is not so great that he will be caught in the periodical swing in the price of farms.

Perhaps the decline in the price of farms is not so frequent as to be called a periodical swing, but it is a fact that it is sufficiently frequent to bother a long term lender if he happens to hit the toboggan period after having lent on peak values.

In the Middle West, in the old days when prices were advancing on almost all land every year, there used to be a rule that it was safe to lend half of the sale price of the property. Almost all of such loans were made upon the short time basis. Many a lender lived to learn that it is possible to lose, using that rule of thumb measure, particularly after following the advance in land values for a series of years.

The value as a going farm

A PRINCIPAL factor in determining the value of farms of applicants for loans from the land banks and the Land Bank Commissioner is their agricultural production capacity over a series of years. In other words, the worth for such lending purposes is determined largely by the ability of the farm to afford the farmer a suitable living, pay the overhead such as taxes, interest, and insurance and amortize the principal of the loan.

Appraisers are not using the values of properties set by foreclosures or distress sales, neither are they using prices during boom years as a guide. They are following values based upon the productivity of the farm in normal years, which is somewhere between depression and boom prices.

In the Agricultural Adjustment Act, passed by Congress as a part of the same bill that included the Farm Mortgage Act, it is indicated that the years 1909 to 1914 inclusive were the years of normal price relations as between farm crops and consumers' goods. Al-

though the average price of farm commodities during the five-year period is applied to the average production of a farm over a series of years in an effort to ascertain the normal income which may be expected from the property, the result is considered only as the principal factor, in arriving at the value of the farm. Also, average prices might prove misleading if applied in some localities to certain commodities, since the relative values of certain crops may shift.

The average figures cannot be applied without a good deal of common sense and the consideration of a large number of other factors before the appraisal is completed. These include the condition of the soil, drainage, overflow, erosion, carrying capacity of the pasture land, water supply, roads, accessibility to market, transportation facilities, the community and the availability and cost of hired help. The credit standing of the applicant and his equity in the property, of course, are investigated and carefully weighed.

Land must be improved

THE land banks make loans on farm units—not on forest or undeveloped lands or pastures unless they are a part of the farm. Such units must have necessary buildings. In appraising the buildings their value to the farm is largely the measure of their worth. Buildings may not be valued in excess of the sum which the farm unit reasonably will support and the standards of the community will justify. The value of the buildings to the farm, of course, varies considerably with the type of farming carried on.

The extent of the refinancing of farm mortgage debts by the land banks and Commissioners will depend largely upon the attitude of the farmers' creditors toward renewal or extension of their loans. In the last half decade there have been an appalling number of foreclosures on farm properties. Perhaps the loans least desirable to the creditor or those with the smallest amount of farmer-equities in the security have been those to go under the hammer. If so, the remaining mortgages probably are considered by their owners as an unusually good form of investment, and the holders will not be inclined to dispose of them. There are some indications that this is the situation.

The rate of interest which lenders will be able to collect, however, is likely to be affected by the rates charged by the federal land banks, as it has been in the past.

These institutions have been the interest pace-makers in the farm mortgage field, thus fulfilling one of the principal functions for which they were established back in 1917. It does not require a long stretch of the memory to recall the high rates prevailing before that

date—frequently eight to 12 per cent and commissions for renewals.

Still another factor which will determine the volume of money to be invested by individuals and by concerns other than the land banks will be the future trend of land values. If it is upward, greater confidence in land as security for loaned funds will increase, probably more rapidly than the improvement in land prices.

Farm values are rising

THERE is already a noticeable upward trend in prices on the better farms, at least. This has been brought about by the advance in the prices of farm commodities and some relaxing of sales effort on the part of big operators in the farm real estate field. A number of these, including federal land banks, have advanced prices on part, if not all, of their holdings.

The federal land banks were organized as permanent first farm mortgage institutions and in all probability they will continue to function as such. They already hold the greatest amount of farm mortgages of any single agency in the field. Most of the funds which these banks have lent have been obtained from the sale of their tax-free bonds which are secured by the farm mortgages and the bank's other assets. They are jointly guaranteed both as to principal and interest by the 12 banks.

A new type of bond was authorized by Congress last May to be issued by these banks for a two-year period, the interest to be guaranteed by the Federal Government for the life of the bond, but not the principal. Interest was limited to not to exceed four per cent a year. The maximum amount authorized to be issued was \$2,000,000,000. There are approximately \$1,000,000,000 of the bonds of these banks bearing four to five per cent interest now in the hands of investors, sold at intervals during the last 16 years. These securities maintained their position during the gyrations of the bond market in recent years with remarkable stability, standing next to Government issue from the standpoint of minimum fluctuation and are now quoted at 85 to 97, varying in price largely according to their rate of interest.

The new type of bond-interest guaranteed by the Government—will not be offered to the investing public until an advantageous rate of interest can be obtained. Pending such time a block amounting to \$150,000,000 has been issued and hypothecated with the Reconstruction Finance Corporation to obtain additional funds to lend. This added to funds already in the hands of the banks or otherwise available and the Commissioner's fund of \$200,000,000 will make it unnecessary to offer the new bonds to the public—at least in large amounts—for some time to come.

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We are providing a means for acquiring needed equipment under a plan which has proved sound and successful in many other leading industries.

This plan eliminates the burden of heavy initial investment, and is flexible enough to meet exigency and the individual requirements of every business. It is an adequate and satisfactory answer to the statement—"I can't afford to buy it now." You owe it to yourself to give this plan your careful consideration. We await your call. Write today.

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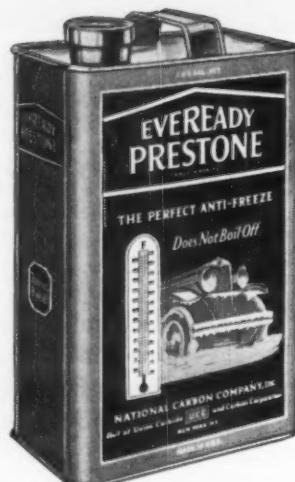
Your fleet of salesmen's cars or light trucks should have anti-freeze this winter. Even if you haven't used anti-freeze in certain units of your equipment in the past, the new low price of Eveready Prestone makes it *cheaper than idling motors or nightly drainings.*

Points on cold-weather operation

Leading truck manufacturers warn against the practice of idling motors. The fuel consumed costs more than anti-freeze. Idling motors run too cold, and crankcase dilution is increased, in the winter, by 20 to 50 per cent. The gasoline thins the oil, increasing engine-wear and oil consumption.

Many trucks operate most efficiently at temperatures above 180° F. Boil-away anti-freezes usually boil out before the proper temperature is reached. The boiling point of Eveready Prestone permits motors to operate at the proper temperature at high speed or under heavy load. You get the most power with top gasoline economy.

The two most common hazards of winter driving are freezing and rust. Freeze-ups may burst radiators or crack engine-blocks. Rust clogs radiators and causes dangerous overheating. Eveready Prestone is guaranteed to guard your fleet against both these dangers for a whole winter's season.



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You'll find that one can of Eveready Prestone often equals two cans of water-diluted product. When you buy protection, don't pay for water. Eveready Prestone is concentrated—all anti-freeze. Here's a little revealing arithmetic. The figures are based on retail prices.

For a 1933 Plymouth

Suppose an anti-freeze which is one-half water sells at \$1.50 a gallon (retail), requiring 2 7/8 gallons to protect a 1933 Plymouth to 10° below zero	\$4.31
Amount of Eveready Prestone needed to protect to 10° below zero is 1 1/4 gallons at \$2.95 a gallon (retail)	3.72
Saving on each car \$.59	

PLUS guaranteed protection from rust and corrosion

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Don't risk big repair bills, and the loss of valuable time while transportation units are laid-up in the shop. Investigate Eveready Prestone now.

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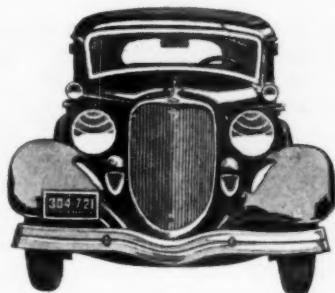
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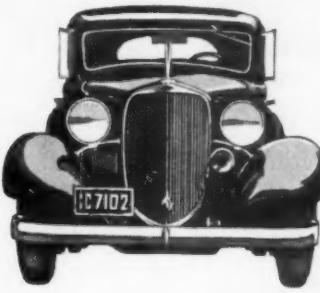
Unit of Union Carbide  and Carbon Corporation



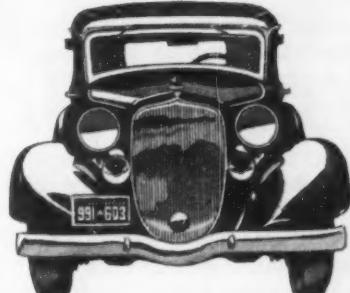
This Ford V-8 (5½ gals. cooling-system) can be protected to 10° above zero with 1½ gals. of Eveready Prestone at a cost of \$4.45 retail.



This Chevrolet 6 (Model 1933) can be protected to zero with 1 gal. of Eveready Prestone at a cost of \$2.95 retail.



This Plymouth 6 (Model 1933) can be protected to 10° below zero with 1¼ gals. of Eveready Prestone at a cost of \$3.72 retail.



Putting City Workers on the Farm

(Continued from page 17)

Homestead Administration may make one of its early tests there. Dayton is a city of 200,000 with widely diversified industries, both large and small. Already there has been a movement out from the city into the nearby country. With this nucleus it is proposed that a local lending corporation be set up to be financed from the \$25,000,000 fund. It would have a board of directors of Dayton men who could pass personal judgment on the applicants for loans; who would know of their family affairs, their credit records, their habits of living, to select those best fitted to succeed.

Local supervision of lending is contemplated in any project the Administration may engage upon. There is an expressed hope to avoid building up a large bureau in Washington.

Another Ohio city where a successful experiment might be made is Youngstown. That city, somewhat smaller than Dayton, is long and narrow, built along a river. It is a city largely of heavy industries in which mechanization is constantly increasing. The NRA seems to contemplate that, as the need for man power lessens, the number of work hours shall lessen; that the largest possible number of men shall be employed. We may get fewer hours without a lessening of weekly pay or we may get reduced incomes. In the latter case the advantage of subsistence homesteads is obvious. Reduced food bills help to take the place of cash missing from the pay envelope. In the cases where there is no loss of income, the problem is one of a better use of the extra time. The men who are most sincerely interested in the subsistence homestead plans are inclined to stress the social rather than the economic factor, to look upon them as leading to "a new way of living" for America or at least for that part of America which works in factories and lives in crowded districts.

Putting workmen on farms

AT the recent meeting of Professor Wilson's advisory committee, one industrial project was of particular interest since it involved direct cooperation of an individual industry. The Geo. A. Hormel Company, packers, of Austin, Minn., a city of 12,000, have already made some experiments in helping their workmen to build up small home properties on which food can be raised. They would like government help in extending that work.

In fact, in the case of small communities which center largely around one industry and stretch out into real farming country, the subsistence homestead has existed since the towns began though no one ever called it by that name. They just naturally had a garden "out back" where they raised vegetables to be eaten fresh in summer and canned or stored for the winter.

In New England, where industry and agriculture have always been pretty close neighbors, there has been a marked movement in recent years of both overalled and white col-

lared workers to small farms or homesteads within driving distance of the workshop or office. Three and four acre plots have rid the workman of much of his fear of unemployment and have tided many a desk worker over the depression.

Now it is proposed that the homestead administration set aside part of the \$25,000,000 for this section, that individual loans be made to spread this movement. If such a project should be tried, loans might be on rather scattered plots of ground and the chance of any sort of instruction and supervision of the working of the small farm would be less. Such an experiment would call for careful investigation of the borrower. It is probable that a boyhood on a farm would strengthen the applicant's chances. A wife whose youth was spent on the farm and who was willing to return to her early ways of living would help the applicant.

Garden plots will help

ONE of the members of Mr. Wilson's National Advisory Committee is Hayden B. Harris, of the Harris Trust and Savings Bank of Chicago. He has given much time and effort to the problem of the individual and the subsistence homestead. He believes that \$2,000 will provide a worker with a home and enough land to raise all his vegetables and some poultry, and all this within a short distance of Chicago. Mr. Harris believes that three-quarters of an acre is sufficient and is proving it by some actual experiments in the Chicago area.

A door-to-door canvass in one section of industrial Chicago largely inhabited by foreign born or sons of foreign born parents, showed a surprising number of workmen who were not only interested in the idea but who had in actual cash, usually hidden in the house, the thousand dollars which Mr. Harris feels is needed as a down payment.

One of the projects that showed the need of a definition of subsistence homestead and of a clearer understanding of what can and can not be done under the law came from the southeastern corner of the United States. In the Carolinas and Georgia, in what is generally known as the Piedmont region, are large areas which have ceased to be profitable for cotton growing. Yet the owner or the tenant, white or colored, knows little except cotton farming and continues in an industry which at best yields him a miserable living. Why should not the

Administration devote part of its efforts and its \$25,000,000 to helping these people to engage in a more sensible and more profitable type of farming?

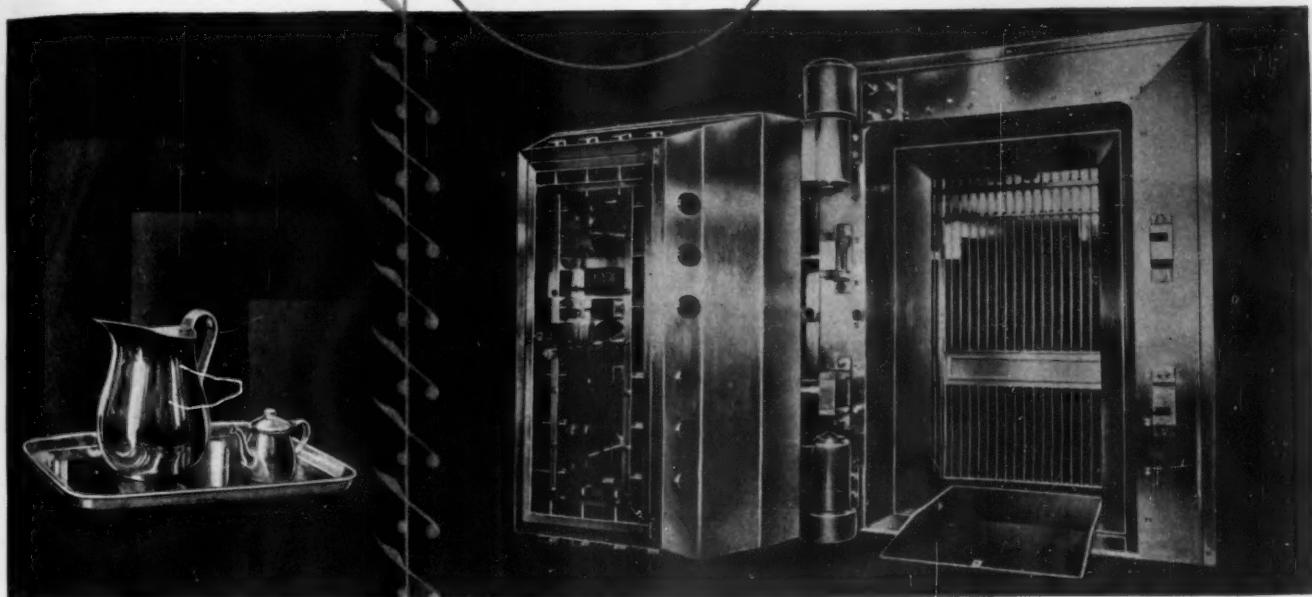
Objections to this as part of a subsistence homestead program are obvious. In the first place the farm leaders say that anything which would bring added acreage into the production of competitive crops ought to be dealt with by the Department of Agriculture or by the Agricultural Adjustment Administration. It is hard to see how it would redistribute the overbalance of population in industrial centers un-



Can a man raised in the city be made able or willing to raise his own food?

EWING GALLOWAY

SHEEN that Stays on Things that Last!



METALLIC luster perpetually growing dim has been a familiar sight from the day when beauty first admired itself in a mirror. By frequent rubbing the luster could be restored, but always, wherever a bright surface is tarnished, some impairment of surface or of substance has taken place. The thing that shines holds an unclouded surface to the light. A shining and unaltered surface denotes a substance unaffected from without.

The stainless quality of objects made from USS Chromium and Chromium-Nickel alloys, is an "an outward sign of an inward grace." Time and exposure will not impair them; with age they will only be valued the more. For various uses of the arts and of industry,

these alloys can be forged, drawn, cast, welded, rolled, pierced, and otherwise worked as desired. Correspondence is invited and careful advice as to specification will be given by the subsidiary companies of the United States Steel Corporation that are named below:

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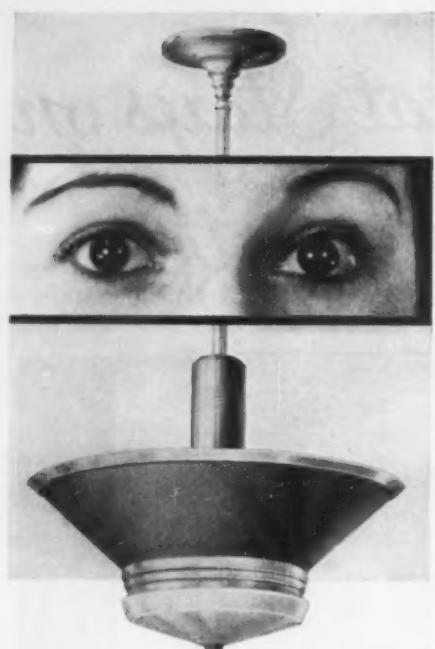
AMERICAN SHEET AND TIN PLATE COMPANY, Pittsburgh, - Sheets and Light Plates
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 CARNEGIE STEEL COMPANY, Pittsburgh, - - - - - Plates, Bars and Semi-Finished Products
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"Better Light—Better Sight"

Tests prove the Guth Super-Illuminator the most economical and efficient—provides 20% more light than other indirect fixtures. Newly patented, attractively designed, unusually low priced. For offices, stores, hospitals, hotels, schools, homes. Send coupon for information.

EDWIN F. GUTH COMPANY

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Send further information and prices on Guth Super-Illuminator.

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less it were agreed that men who could be kept on the farms would not float into the cities in the hope of work.

The subsistence homestead is no new thing. Our early American villages were a group of subsistence homesteads. But mass production stepped in and made specialists. The blacksmith, who shod horses and raised vegetables, became the mechanic in an automobile factory who did one thing rapidly and skillfully. Can we turn the automobile mechanic back into a mechanic farmer? Perhaps. Professor Wilson thinks we can and that the experiment should be tried. President Roosevelt thinks we can. The idea has always been close to his heart. In his book, "Looking Forward," these passages occur:

Experiments have already been made in some states looking to a closer relationship between industry and agriculture. These take two forms—first, what may be called the bringing of rural life to industry; second, the bringing of industry to agriculture by the establishment of small industrial plants in areas which are now wholly given over to farming.

In this particular connection the State of Vermont, through a splendid commission, seems to be taking the lead in seeking to bring industry to the agricultural regions.

For example, in a valley in Vermont a wood-turning factory for the making of knobs for the lids of kettles has already been so successful that the trend of the rural population to the city has been definitely stopped and the population of the valley finds that it can profitably engage in agriculture during the summer with a definite wage-earning capacity in the local factory during the winter.

Another example is that of one of the larger shoe manufacturers established in a New York village. Many of the workers live in this village and many others live in the open country within a radius of ten miles or more. . . .

These experiments should and will be worked out in accordance with conditions which vary greatly in different sections. I have said "by the states themselves" because some of the state methods of approaching the problem may not be economically sound in the light of future experiences, whereas others may point the way toward a definite national solution of the problems. . . .

In state economic planning, the state needs the sympathetic cooperation of the National Government, if only as an information-gathering body. The National Government can and should act as a clearing-house for all of the governors to work through.

Perhaps the President sees this new Subsistence Homestead Administration mainly as the information-gathering body, the clearing-house which he hoped to see developed.

This vision of the bringing together of the farm and the factory is an appealing one. There are few of us who, chained to a desk or a machine, do not at times long for land and growing things. Then what are the objections to it?

The strongest is what might be called the "silk purse out of a sow's ear" argument. A city man is a city man, a mechanic is a mechanic, farming even a half-acre garden is a specialized trade. You can't take a man who has been brought up to breathe the air of factories and flats and make him capable of raising food or even interested in raising food. To which the proponents of the subsistence homestead say:

"It has been done here and there, by individuals and by small groups. Let's give it a little broader test. If it fails we'll admit it, but at least we can try."

"Don't forget that many American workers and workers' wives had farm training in their youth."

A second argument is: In a country already suffering from agricultural over-production, in a country where raisers of food are already struggling for a living, why add to their difficulties?

To this the answer comes:

"This is not an economic threat to the farmer or the merchant. The amount raised will not, for many years if ever, bulk large in the production and distribution of the nation's food. Moreover, as the plan progresses and if it succeeds, it will bring some farmers into craftsmanship as a part-time occupation."

To the farm temporarily

A THIRD point is raised: Isn't there already going on a "back to the farm" movement and a decentralization of industry? Shouldn't these be allowed to take their course and not be artificially stimulated?

The answer to the first question is "yes."

There has been a move back to the farm but there is no proof that it is a permanent move. There is reason to believe that most of it is depression-caused. The young man and young woman who sought, found, and lost a job in the city have gone back to the family farm where food and shelter were certain. This movement may reverse with a return of good business. There has also been a move of city folk to country places in a search for cheaper living. Not long ago Jared Van Wagenen, a farmer in Schoharie County, New York, wrote me:

"As an illustration of how the country is actually filling up, I might tell you that in this hamlet as the result of school centralization we have an unused school house but it is now (by special grace of the trustees) occupied by a family of six members. It seemed to be literally the only vacant shelter in our countryside. We seem actually to have a housing shortage—surely the first one that the rural districts have known since the Civil War."

Whatever decentralization of industry has been going on has not been primarily to change the living conditions

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Arbitrarily setting a population of 50,000 as a dividing line between the larger and smaller cities, the survey established the fact that the branches and relocations were divided nearly equally between these two types of cities, but that approximately three-fourths of the new local plants were established in the larger cities. . . .

While the larger cities are still getting the majority of all new plants of all kinds, the tendency in favor of smaller cities is rather pronounced. Growth of the industrial suburban towns around the larger cities is a reminder of this trend. . . .

The migration or the physical shifting of industry is not the factor in industrial growth which many thought. Most of the development has come from the establishment of new local industries and the setting up of branches in order to tune in on the marketing situation.

This survey of the Metropolitan listed, in order of efficiency, 16 reasons for location of plants. Markets ranked first and living conditions tenth.

Briefly, the proponents of this form of movement to the land have no desire to make us a nation of agriculturists as we were 50 or 60 years ago; they do not see the farm supplanting the factory; they do see a new and a kindlier way of living for the factory worker; do see an added way of making his life secure. Rarely can a man trying to bring up a family even on the wage scale of half a dozen years ago put by enough to tide him over three or even two years of unemployment. With even an acre under cultivation he can face that specter with some hope.

Small cities are favored

A STUDY of "Industrial Development in the United States and Canada" made in 1926 and 1927 by the National Electric Light Association and the Metropolitan Life Insurance Company reached these among other conclusions:



TODAY'S competition places a heavier task on your package than ever before. It must do a strong selling job.

But at the same time, packaging production costs must be kept at a minimum.

To meet *both* of these requirements calls for expert knowledge embracing not only the sales angles of packaging, but the production problems as well. This is where the Package Machinery Company has given valuable assistance to others, and may be able to help you.

The packages illustrated above are but a few of the wide range of well-known products wrapped on our machines. In developing these machines we have had to solve many difficult problems peculiar to the various products. It was necessary to develop a wide variety of package

styles. The machines had to be designed to handle various kinds of wrapping material — Cellophane, printed paper wrappers, glassine, foil, waxed paper, etc. And in the majority of cases the cost of producing the package was an important factor.

This broad experience, acquired in meeting a great variety of needs of the leading package goods manufacturers, is at your service. It may result in a fundamental improvement in the sales appeal of your product . . . or in a welcome saving in production costs. Why not look into it further? Mail the coupon for complete information.

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PACKAGE MACHINERY COMPANY, Springfield, Mass.

We are interested in knowing more about how you can assist us in

- improving our present package
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Questions which Puzzle Employers

Labor and Code Enforcement Provisions Causing Uncertainty

★ TWO things most perplexing to industry in its efforts to readjust its ways of doing business under the NRA codes are:

First: What sort of organization of employees must we deal with under section 7 (a) of the Recovery Act? Are we facing a complete or nearly complete unionization of labor in this country?

Second: How are the provisions of the codes to be enforced? To what extent will industry be left to govern itself? What is the likelihood of government control, of government policing of the codes?

As to the first, there can be little doubt of the attitude and the hopes of the American Federation of Labor. Unionization—complete unionization—has always been its goal. That goal seems nearer under the codes than it has for years. For one thing the unions are, after a period of lean years, rejoicing in a growing membership. The Federation at its recent meeting in Washington reported as of August 31, 1933, a membership of 2,126,000, the lowest since 1916, but that didn't take into account the revival that began with the NRA and reemployment. The last few months have seen an increase of a million and a half or two million, and the Federation is talking now of 25,000,000 members. It is probably thinking of 10,000,000 as an attainable goal.

That number would be a great political force, but it need not and probably will not lead to the formation of an American Labor Party. The usual resolution proposing such a party was introduced at the convention, but with little prospect of adoption. At present the Federation is a Roosevelt party, as in war days it was a Wilson party.

Union labor, with more men and more money, is going to make the 30 hour week one of its chief objectives. And, it will insist, that 30 hour week shall not be accompanied by any corresponding wage reduction.

The 30 hour week is asked not only as an immediate necessity to relieve existing unemployment but as a permanent policy to prevent unemployment in the future—to counter-balance the growing mechanization of industry. Union labor leaders will present figures to you to show that if our factories as a whole operated with full forces less than

30 hours a week, even for 20 hours a week, the resulting production would be ample to supply all existing consumptive wants of the country. They will supplement these figures with others to show that the value of industrial output in this country has increased so much more rapidly than the pay rolls that it is plain that the consumptive capacity of the worker is not keeping pace.

Taking up unemployment

THE point of view of union labor is also that when any industry, either individually or as a group, so increases its production that fewer work hours are necessary, it is the duty of the industry to take care of the men who might be displaced and that the right way to take care of them is by shortening work hours without reducing wages.

This labor point of view seems to be based on an assumption that overproduction is always "just around the corner" and that unless we limit working time we shall always have more goods than we can use. This belief is open to doubt. Here is a statement on the subject from the National City Bank *Bulletin* edited by George E. Roberts:

In the declaration of policy which begins this Act, NIRA, a number of worthy objects are named, but there is one which really is all-inclusive, to wit, "to promote the fullest possible utilization of the present productive capacity of the industries."

When this is accomplished it will mean that all trade is in full volume, that employment and purchasing power are restored and that products and services of all kinds are readily passing into consumption. . . .

The declaration of policy indicates a belief that complete employment of present industrial capacity can be obtained. . . .

Fears of excessive productive capacity are unfounded, provided the new organization is able to achieve the goal of balanced relations, and, while the scheme of spreading work can be justified as a means of tiding over a disordered situation, there will be no need for it when order is restored. Moreover, there is danger that minimum wage-rates fixed with reference to a short work-week may have the effect of increasing costs, and thus prove an obstacle to recovery. In so far as the argument for the short week is based upon the theory that without it full employment cannot be had

for the working population, it is fallacious. The only condition necessary to full employment is balanced relationships and the Recovery Act clearly seeks to accomplish this by coordination of the industries. . . .

Moreover, while in certain industries 30 hours a week might be enough, that would by no means be true in all. It may be that if all the bituminous miners got 30 hours work a week, we should have all the coal we needed, but it by no means follows that if the cotton textile workers were limited to 30 hours we should have all the cotton goods, and no one is proposing that we can make textile workers out of surplus coal miners.

Union labor will carry on its fight for the 30 hour week in two ways, first by urging through its representatives at the code hearings the inclusion of a 30 hour week clause in all codes; second, by pressing upon the Congress an amendment to the National Industrial Recovery Act which shall make the 30 hour week compulsory in all codes. Whether the Congress would approve such a proposal is doubtful. It is a radical departure from American traditions.

A drive for shorter hours

WHILE I have said that the 30 hour week is perhaps the chief thought of the Federation's leaders, it does not mean a policy of "30 hours or nothing." There will be a continued drive under the codes to force shorter hours whether the result be 40 instead of 48 or 36 instead of 40. No one knows better than the union leaders that compromise is one road to victory.

Meanwhile the new accessions to membership are not an unmixed blessing to the Federation. The new unions and the new members are hot-headed. They want to win all at once. Result, an almost unprecedented number of strikes beginning in May of this year. Strikes reported to the Department of Labor averaged 72 in each of the first four months of the year. Then the record runs:

May	133
June	134
July	165
August	234 (incomplete)

September figures will probably show no improvement.

This is a situation which the older



PASS the "BUCK"

WHY is the relay the fastest race that's run? Because the distance is broken among several runners. Each man can make faster time than if he had the whole distance to run alone.

It's the same with running a business. Seldom can the same sales plan, the same merchandising idea, *the same package*, carry a product forward at top speed throughout its entire history. Conditions change. So do consumers' tastes and desires. Just as spent runners pass the baton or "buck" to fresh runners—so, periodically, a vigorous new package must take the place of one which has run its span.

How long have you had your present package? Is it time to change? Is there a new one—or some

improvement on your old one—which would do a better selling job? The new technique of packaging is too important to ignore. You owe it to your business and its future to find out what the developments—and the opportunities—are.

From the American Can Company, you can get the complete, current picture of today's packaging opportunities—and of what sales-producing packaging ideas are available for your product. The same vision, resourcefulness, and skill which made possible so much of modern packaging are available to you without cost in making your own package more productive. We invite you to use Canco knowledge, counsel and help. We think you will find it profitable.

AMERICAN CAN COMPANY

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ges have changed. Sales strategy is different.

Management is meeting these changed conditions with new tools. Among these tools are printed forms—they make it possible to get things done promptly, profitably. In your own business, if printed forms are exactly the same as they were six months

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HAMMERMILL PAPER COMPANY, Eric, Penna.
I am attaching this coupon to my company letterhead and would like to take advantage of your triple offer of helpful ideas and actual printed forms. (Sent free anywhere in the United States. Outside U. S. 50¢.)

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Position _____

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Because of our thousands of contacts with business concerns, we make this triple offer to executives: (1) the Portfolio "Printed Forms at Work," (2) the Portfolio "Better Letterheads" and (3) "Are You Forging a Stronger Business in This Day of National Recovery?"—an important book that deals with present-day problems of management. Simply attach coupon to company letterhead.

and more experienced union leaders do not like. They realize that it will not help them with the public or make it easier to deal with employers under the NRA. It was that feeling which led President Green of the Federation to issue a caution against strikes on the eve of the annual meeting.

What about the task of policing and enforcing the NRA codes? How much will be taken over by Government and how much will be left to industry? There is no answer to these questions as yet. In any discussion of them it is well to remember that every code might roughly be divided into two parts, the sections which govern the relations of employer and employee dealing with such as maximum hours and minimum wages and those which govern the relation of the employer and his competitors over questions such as trade practices, production control and prices.

Industry favors its own courts

IT is as to the first that the widest disagreement exists. As a whole, industry believes that disputes between employer and employee should come before a joint committee of the individual plant representing both sides and that, if such a board or committee can reach no agreement, some sort of court of appeals should still be within the industry and resort taken to any public body only when all other remedies have failed.

Others, and the name of Miss Perkins, Secretary of Labor, is often connected with them, have proposed the setting up of local, state, regional and national labor boards which should hear and settle complaints. The boards would in each case be made up of representatives of employer, employee and the public. Miss Perkins' plan would lead to a greater measure of government supervision and control than would be welcome to either labor or industry.

Just what union labor would prefer is uncertain. It is probable that they would look to the workers themselves to watch for and report violations of the labor clauses of the codes.

A system of enforcement which should call for government watchers to seek for violations would not be particularly acceptable to the unions. Once violations are reported, who shall settle the dispute? On that point President Green in his statement counseling caution in calling strikes said:

"Through the administration of the NRA, instrumentalities have been created for the adjustment of industrial differences. Among these is the National Labor Board for the consideration and settlement of grievances. As rapidly as possible state and local boards will be created."

There is no question that the industry is uneasy as to the method of enforcing

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the codes or ensuring "compliance" with them. "Compliance," it should be noted, is the chosen word of the recovery administration; "enforcement" savors of compulsion.

Self-government by industry chiefly through its trade associations, with a minimum of government regulation, was the goal to which most of the men who signed the codes looked forward. "Policing" is an objectionable word to business, but I use it to describe the primary work of watching for and reporting violations.

In that sense industry would expect to police itself. A manufacturer who has reason to believe that a competitor is selling below cost, if that be a forbidden practice, would bring his case before a committee of his trade association set up to hear such complaints. That committee would make every effort to get at the truth and to bring about compliance by the offender. Only as a last resort would a case be taken out of the hands of the trade association and into the hands of any "code authority" to be named by the Recovery Administration and then perhaps up to the Administration itself.

Meanwhile, a committee of trade association executives, at the suggestion of the Recovery Administration, is working out a plan which it is hoped will assure the greatest possible measure of self-government for industry and give the trade association its proper place in the effort "to eliminate unfair competitive practices."

That quotation is from the Recovery Act and it should not be forgotten that another purpose of the Act is "to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups."—J. W. B.

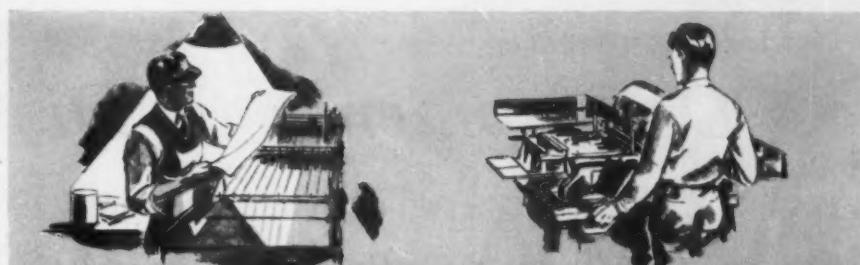
Whining

MY COMPANION said, "See that fellow turning into the railroad station? That's old Bill White. Cattle and grain dealer. Does a fair business, but he seldom keeps a customer more than five years. He's a whiner."

"Suppose he buys a lot of barley. He'll agree to pay so many cents a bushel if the grain is all right. Then, when it is delivered, he invariably finds something wrong with a few bags and claims he should not pay full price for them."

"He'll ask the farmer to take a cut of a dollar on the lot. The farmer generally gives in."

"Bill does that on every deal to pick up a few extra dollars. A customer will stand it only about so long. Loss of steady customers is the penalty Bill pays for whining."—R. F.



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How to tell everyone about them, quickly!

EXCITING DAYS, these. Things are happening, changing . . . often overnight. New prices . . . new codes in effect . . . new trade practices. Almost every day there's news that your salesmen, your entire organization, your prospects, your customers have to know about.

The way to get this news to them hot off the griddle is to make full use of your office duplicating machine or the facilities of your local letter shop.

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Developments in Distribution

WHATEVER changes retail or other codes may make in distribution, individual initiative and enterprise must still remain the decisive factor in success or failure in this field

A GROUP of eastern utilities promotes electric-range sales through "electric kitchen bridge parties." A salesman asks an electric-range user to arrange a bridge party for 12 to 16 guests. On the date set a demonstrator arrives at the hostess' home several hours before the guests, with necessary cooking equipment, foodstuffs, card tables (including one of the new electric tables), score pads, cards, etc. The demonstrator cooks the food and also serves it if no maid is available. Guests are invited into the kitchen during the afternoon where the demonstrator discusses electric cookery. Names and addresses of the guests are turned over to the salesman who arranged the party. During a three-month period sales were made to five per cent of the prospects thus obtained.

TOURS and visiting hours at Cincinnati's large factories, packing houses, etc., are advertised by a Cincinnati utility as a means of promoting street-car rides. Car cards provide information concerning the plants and the routes by which they may be reached—*via* street car, of course.

A WASHINGTON newspaper recently utilized messenger boys to build circulation. They carried this "telegram" to prospective subscribers: "If invited by return messenger The Washington Post will be at your door every morning before seven o'clock stop . . ." A business reply card was also enclosed, giving rates, etc.

ALL-EXPENSE tours to Chicago's A Century of Progress were offered by a St. Louis furniture store on the deferred-payment plan. Takers were permitted to see the fair and pay for it, together with a service charge, later.

LIMITED parking space has led a downtown grocer in Toledo to advertise "curb service." "Just make up your food list and phone your order," customers are advised. "It will be personally filled and delivered to your car by an attendant when you call."

WHEN business didn't come to a Chattanooga brake-lining establishment, the proprietor decided to take his service to business. He solicited owners of fleets of

trucks, telling them that he would bring his equipment to their garages rather than make them bring their trucks to his. The fleet owners liked the idea so well that sales increased more than 25 per cent—and expenses declined 11 per cent.

AN ILLINOIS store, advertising a recent sale, dramatized the long-wearing qualities of its bed sheets by reproducing the picture of a sleeping child of six. "She'll be nine before you'll even have to think of buying new sheets," the caption ran. An Oklahoma store promoted sheet sales by reproducing statements from ten local institutions (hotels, etc.) as to the length of time they had used the particular brand. One had been using it for more than 17 years.

A TEXAS store spurs the sale of fine china by hand-lettering the date and the purchaser's name on each piece. "The buyer looks on this as giving her a sort of immortality," points out a store official. "She knows that in future years her grandchildren will point to her name and say: 'My grandmother first owned this.'"

A LARGE mail-order house which also operates a department-store chain has, as an experiment, rented the entire basement of an independent department store in Stroudsburg, Pa. In the rented space the company will install electrical goods, houseware, hardware, tire and paint departments.

A GROUP of Detroit automobile dealers recently arranged a novel hook-up with a Detroit department store during a special sale staged by the latter. Two cars were given away daily by the store, which devoted a large section of one of its floors to a special display of the car, with automobile salesmen in attendance. The store's sales people were offered three per cent commission for leads later closed by the auto salesmen. Homeward-bound shoppers carrying purchases from the store were given free rides in cars provided by the dealers and driven by their men. Further demonstrations—and sales—grew out of this service.

EMPLOYEES of a southern pants and overall manufacturing company, through

their union, have shared half and half with the company the expense of two recent advertising campaigns. Through this co-operation the company was enabled to stage a campaign last spring and a few weeks ago to carry a "message to working men" from its own employees to the effect that their wages (already above the NRA minimum) had been increased, that their working conditions were good and that "naturally in our work we have tried to do the best job any one could do. We are a part of our company . . . We wouldn't turn out a piece of shoddy work . . . it wouldn't be fair to our employers . . . and it wouldn't be fair to you fellow workers . . ." Similarly, the employees' organization of a Pennsylvania tobacco company recently voted a substantial contribution to the company's advertising appropriation in appreciation of that company's prompt signing of the blanket NRA code.

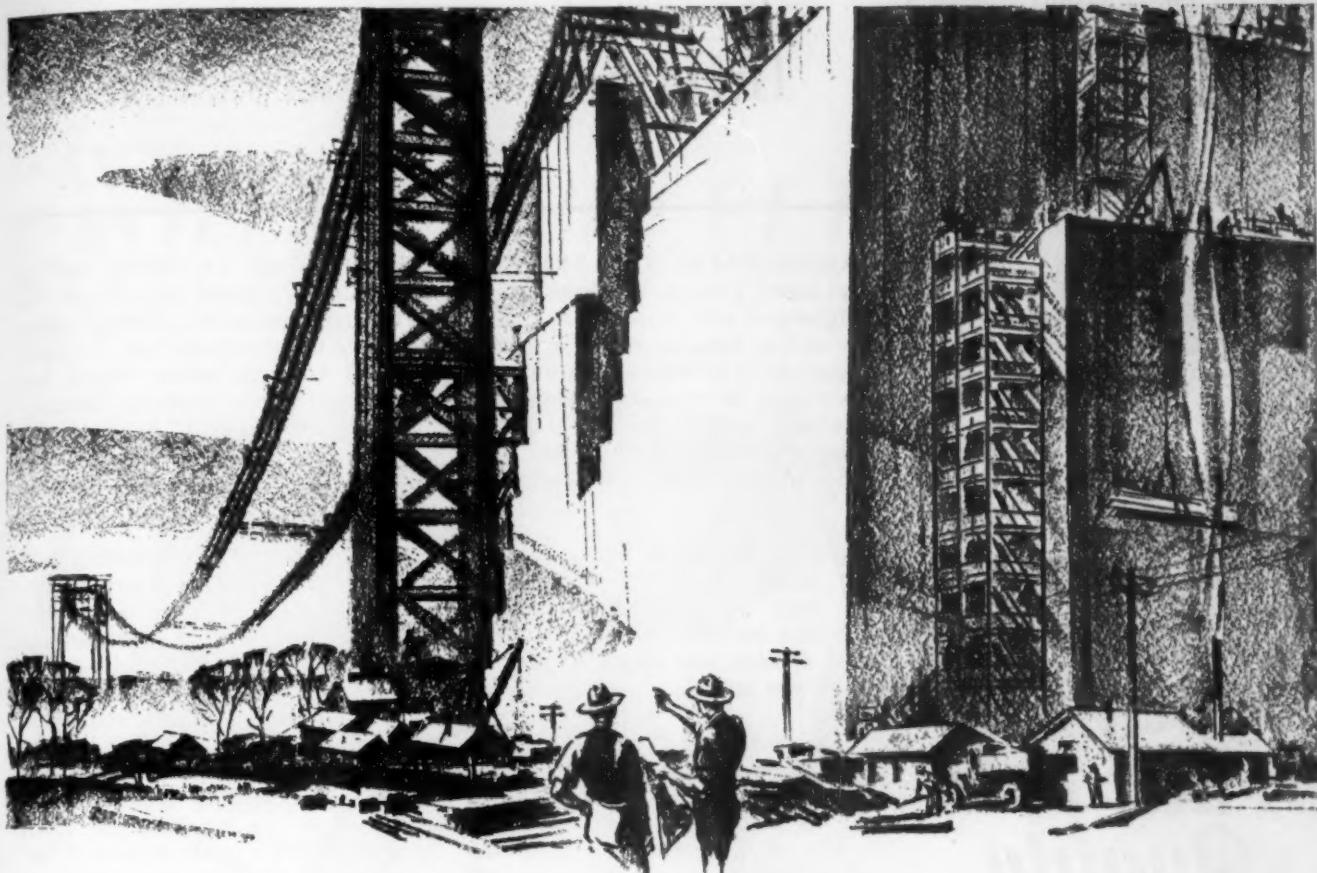
CARTOON advertising is given a novel twist by a Denver cartoonist. He utilizes a standing head, "Didja Know?" and illustrates in paid space novel facts concerning local businesses and business men. The advertisements usually run three columns wide, seven inches deep. Each is devoted exclusively to one firm, and space is sold to a different firm each day.

NEW packages: Tomatoes individually wrapped in transparent cellulose are being marketed. . . . A New York packer is offering link sausages in covered rustic crocks (12 to a crock and packed in lard). . . . Peanut butter has joined the parade of vacuum-packed products. . . . A waterproof meat wrapping paper on which meat recipes are printed is offered butchers. . . . Wooden cases for shipping whiskey may be supplanting by a new, light, pilfer-proof paperboard case. . . . There's also a new collapsible display-delivery beer box in colored, corrugated paper which holds three or six bottles, keeps glass from touching glass. . . .

ODD LOTS: A manufacturer of a chocolate-and-malt food drink is offering youthful collectors a novel premium—a packet of stamps with each can. . . . Successful bottling of fresh lemon juice has been announced by two California firms. . . . Old shirts were accepted as trade-ins on new ones during an Oklahoma store's sale—20 cents were allowed for the worn shirts, which were later given to charity. . . . A new dry seasoning base for French salad dressing is offered; it's only necessary to add water, salad oil and vinegar. . . . Labelled bananas are appearing on the market.

—PAUL H. HAYWARD

EDITOR'S NOTE—Further information on any of these items can be had by writing us.



BUILD WITH---FACTS

In construction or reconstruction, the builders must work with facts. No guess-work or vague theories in the planning of a modern bridge—or a modern business. Today's conditions must be met with today's figures. And, in the quick furnishing of accurate figures, International Business Machines excel.

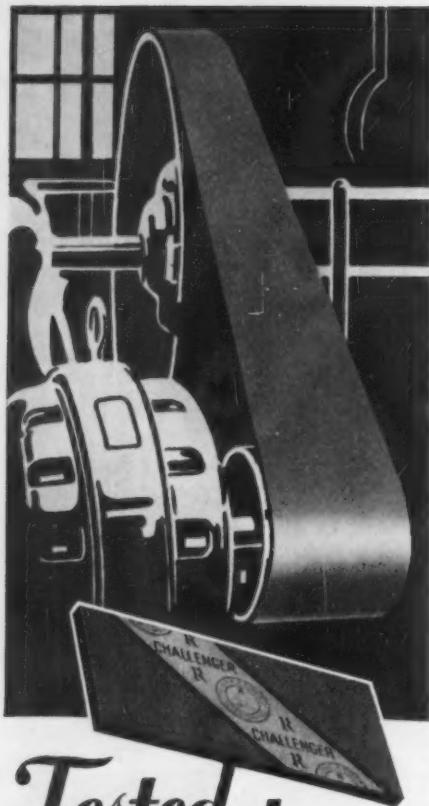
The International Method of Punched Card Accounting furnishes a dependable source of accurate information. The punched tabulating cards form a permanent, unalterable record. This record will automatically yield tabulations—give you an up-to-the-minute picture of any phase of your business. It brings positive control by providing

more reports in less time—for less money. Let us show you how International Accounting and Tabulating Machines can simplify your accounting procedures without altering your present set-up. A complete demonstration awaits you at any of our sales offices. No obligation.

International Business Machines are today serving government and business in 79 different countries. These machines include International Accounting and Tabulating Machines, International Time Recorders and Electric Time Systems, International Industrial Scales, Dayton Moneyweight Scales and Store Equipment, Electromatic Typewriters, Radio Typewriter Systems.



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Tested Quality In Every Foot of **REPUBLIC** TRANSMISSION BELTING

BUILT for all types of belt transmission, the many brands of Republic Belting have for over thirty years represented the standard of quality. Highest grade materials, scientific processes and exhaustive laboratory tests assure that every foot of their length meets our rigid specifications.

Republic Belts are noted for high tensile strength and flexibility with minimum stretch and low slippage. Smooth operation, greater pulling power, long life and ability to withstand heavy overloads are results which guarantee the utmost satisfaction and economy.

Our engineers will gladly assist you in the solution of your transmission problems.



THE REPUBLIC RUBBER COMPANY
YOUNGSTOWN, OHIO

Leadership in Policy, Product and Performance.

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REPUBLIC RUBBER PRODUCTS
FROM YOUR DISTRIBUTOR

When writing please mention Nation's Business

Inflation 60 Years Ago

"ROBINSON CRUSOE'S MONEY," by David A. Wells, a nineteenth century fiscal expert, pictures the inhabitants of Robinson Crusoe's Island who discover the usefulness of gold as money, and finally live through a period of monetary panaceas such as were suggested for this country during the greenback days. It might be considered an excellent satire on the errors of American money tinkers, but let's take it for what it purports to be—an argument against unsound currency. This book, written as a timely argument, was published in 1876. Again timely, it was republished in 1892. And now for the third time in 60 years its arguments, quoted below in part, answer many of the monetary fetishes of the day.

VON CRUSOE'S island, gold became, without act of the legislature, the common standard of value and medium of exchange. Being easily divisible and possessing permanence, it was suitable as a medium of exchange.

"The purchasing power was at first by no means fixed or constant. So long as there was but a small quantity of gold, its purchasing power was large. As the quantity extracted from the rocks or washed from the sands became greater, its purchasing power or value decreased. But, curiously, an abundant supply did not continue. When the readily accessible deposits became exhausted, the conditions determining the supply of gold became altogether different. On the one hand, there was no lack of gold.

"But, on the other hand, experience proved that to collect any very considerable quantity of the metal required the expenditure, not only of a vast amount of labor, but also of many other commodities. The people who, at the outset, abandoned their various occupations and betook themselves to digging gold, soon learned that, as a general rule, the results of a day's labor thus employed purchased no more of useful or desirable commodities than the results of a similar amount of labor exerted in other occupations."

Gold's value became stable

MANY workers, accordingly, went back to their old occupations and "the supply of gold fell off, and, the demand for it remaining about the same, its purchasing power gradually increased, until the result of an average day's labor in digging gold was found to buy more than the result of an average day's labor in other occupations. As soon as this was observed, an additional supply of

labor went back to gold-mining, and continued to follow it, until an equalization of results from effort in gold-digging and effort in other corresponding employments was again established.

"This interchange of employments and equalization of results from labor went on, year by year, until at last the people, as it were by instinct, found out that a given quantity of gold represented more permanently a given amount of certain grade or kind of human labor or effort than any other one substance. The moment this fact became apparent, the people on the island for the first time also clearly perceived that gold, in addition to the universal exchange quality or purchasing power which it had before naturally acquired, from the circumstance that everybody from the time of its first discovery wanted it, had further acquired two other attributes, which fitted it, above all things else, to serve as money. First, it had become a measure or standard of value, by which, as by a yard-stick, the



CARTOONS BY THOS. NAST FROM "ROBINSON CRUSOE'S MONEY"

Doubling the volume of currency left trade and labor in the same position

"WHERE TO, PLEASE?"



SCARCELY a day passes—sometimes scarcely an hour in the day—that you do not go visiting by telephone. It is truly the magic carpet that transports you, quickly and easily, to places you would like to be and people you would like to see.

Who can estimate the value of the telephone in the daily lives of millions of men and women . . . in time and money saved, in increased efficiency, in security and priceless help in time of need!

Contact, communication, swift interchange of ideas—these benefits the

modern world offers you. The telephone is one of the chief instruments by which you can seize them. With it at your elbow you are ready for what may come—for opportunity, for emergency, for the brief word that may open a fresh chapter in your life.

Within the next twenty-four hours, sixty million telephone calls will be made over Bell System wires—each a separate, individual transaction, complete in itself. Yet your own calls will go through as quickly and efficiently as if the entire system had been built especially for you.



AMERICAN TELEPHONE AND TELEGRAPH COMPANY



**"Buy Nothing
but the
SOUNDEST
Insurance Protection"**

● Today, careful buyers — both large corporations and individuals — are demanding soundness in their insurance protection. That is why thousands are specifying "L-M-C" coverage for their Automobile, Workmen's Compensation and other casualty insurance.

In this 16 million dollar Company they find a conservative record in underwriting and investing. In addition, they know that since organization, this Company has paid annual dividends to policyholders resulting in substantial savings on their insurance costs—last year over \$2,700,000.

Investigate the "L-M-C" Plan. Ask your nearest representative for complete information.

**LUMBERMEN'S
MUTUAL CASUALTY
COMPANY**

James S. Kemper, President

Mutual Insurance Building, Chicago, U. S. A.

World's Greatest Automobile Mutual

THE TRAVELER

The traveler who carries cash is on perpetual guard duty. If he tries to cash personal checks, he is often embarrassed. Travelers Cheques eliminate the fear of loss and are accepted without question.

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Everything you are likely to need in practical financial management, gathered into this one convenient 1,628-page Handbook. Corporate law and procedure, everyday operating finance, banking, investments—principles and latest methods complete in 29 big sections, equal in content to 10 ordinary books.

Quick, reliable answers on any financial question in running a business or any part of it. Helps you plan and manage wisely, deal successfully with situations of all types, meet new conditions as they arise. Edited by Robert H. Montgomery, noted authority, with Editorial Board of 48 able specialists.

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Sample
Section
FREE

comparative value of all other commodities might be measured or estimated. Second, that its value or purchasing power was more constant and continuously inherent in itself, even under circumstances when the value of most other commodities would be destroyed, than other commodities.

A blessing for the poor

"BY no portion of people on the island was the last attribute regarded so much in the light of a blessing as by the poor old men and women. As a general rule, they earned but little more than sufficed to support them, and they were therefore always naturally very anxious lest what little they saved should be impaired in value or made worthless by keeping, before the time when they might especially need it."

Written for greenback days but critical of our present gold clause legislation is this:

"Next came the consideration of the laws regulating the exchanges and the use of money. Some people wanted laws enacted that when any person had bought commodities and services of another, and had promised to pay for them after a time, he might fully discharge the obligation by tendering that which the State said was money no matter whether in the meantime the persons in charge of the mint had, for any reasons, taken out one-half the valuable gold in the coins, and substituted in its place comparatively worthless lead.

"But, to the honor of the islanders, these propositions met with little favor. They said, 'We mean to be an honest and also a free people; and, therefore, everyone in buying or selling shall do exactly what he had agreed to do; unless, by reason of some unforeseen or unavoidable circumstances, he is absolutely unable to perform his agreement or contract.' And they said, further, that if anyone receives commodities and services, and promises to give, five years or five minutes afterward, in return, an agreed-upon quality and quantity of gold, wheat, codfish, or cabbages, it shall be considered, as in truth it is, dishonest to attempt to discharge the obligation by offering pig-iron in the place of gold, peas or beans in the place of wheat, softshell crabs in the place of codfish, or pumpkins in the place of cabbages."

This little island's real troubles started after a war in which the Government had issued "bluebacks"—non-interest bearing government notes strikingly like our Civil War greenbacks and the \$3,000,000,000 authorized in our inflation law—which resembled the island's old gold currency. The difference was that their former currency was certificates representing actual deposits of gold while the new "bluebacks" were evidences of debt.

"The people, however, did not see this; and by reason of not seeing it they continued to accept and regard the promises to pay, which represented loss and destruction, as the same thing as money, and naturally also as wealth; and as the creation and issue of this sort of money or wealth increased as destruction increased, they finally, one and all, concluded that the more and faster they destroyed, the richer they should all be; and that, by a happy series of accidents, they had at last solved that great problem which the world had so long been anxious about —of how to eat your cake and at the same time keep it.

"Undoubtedly one great reason which encouraged the people of the island in



Congress solved a milk shortage—but the babies would not drink the flat milk

their delusion was the circumstances that the Government promises to pay, although they had ceased to represent accumulation or a definite equivalent of any thing in particular, did not thereby cease to be instrumentalities for effecting exchanges. On the contrary, they continued to constitute great labor-saving machines, performing a work in the

NEW! **NEW!** **NEW!** **NEW!** **NEW!** **NEW!**

NEW colored aluminum . . . **NEW** tire cords and fabrics . . . **NEW** printing papers . . . **NEW** computing, printing, dictating, tabulating, duplicating machines . . . **NEW** types of insurance policies . . . **NEW** cellulose yarn . . . **NEW** designs in steel buildings . . . **NEW** lubrication systems . . . **NEW** automatic elevators . . . **NEW** products pressed from steel . . .

NEWS from the advertising pages—news that means money to you

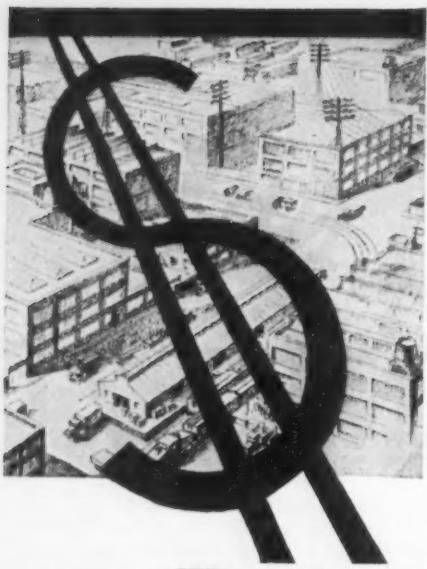
EVERY MONTH these pages bring you the latest developments in almost every business field. Here the outstanding leaders of American industry report the results of months and years of planning, research and effort in office, laboratory and factory. Check the index of advertisers on page 83. Turn to their advertisements each month.

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NATION'S BUSINESS • WASHINGTON



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PROTECTION...against fire... against burglary—is necessary to prevent unemployment and assure the continuity of business. Today, old-fashioned methods of protecting property are both inadequate and costly.

AUTOMATIC ELECTRIC PROTECTION is the answer to the problem. These systems are *less expensive* and what is more important—they are more effective.

Better protection at less cost can be obtained by installing one of these systems:

For sprinklered properties—A.D.T. Sprinkler Supervisory Service.

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AMERICAN DISTRICT TELEGRAPH COMPANY
155 Sixth Avenue, New York City

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Fire Protection Theft Protection

If your property is automatic sprinkler equipped please check here

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Address _____

When writing please mention Nation's Business

removal of obstacles between the producer and consumer. But, in becoming a representative of a debt to be paid in place of representing a means of paying a debt, the new currency lost the really important quality of good money.

"Inasmuch as it ceased to be a common equivalent, or in itself an object of value in exchange, it therefore became incapable of properly discharging the function of a standard, or measure, for estimating the comparative value of other things. And so this blueback currency of the island, which, ceasing to represent or be convertible on demand into a constant quantity of any commodity, ceased to be a constant equivalent or measure of value of anything."

This unstable money forced business to add a substantial premium, when making sales on credit, to allow for depreciation of the currency before the payment was due.

The island congress should have learned that its legislative fiat was not omnipotent after an unfortunate experience in distributing milk tickets to make up for a milk shortage. The children refused to drink the tickets.

But nevertheless, when the debts of the island had become almost overwhelming, the congress decided to issue fiat legal tender money for the "payment of all debts, past, present and prospective." This problem was similar to the one our present day inflationists wish to solve by law.

Distributing fiat money

"THE important question was, in what manner should the new and unlimited supply of money be distributed? All saw at once that it would never do to commence on a system of giving unlimited something for unlimited nothing. Besides, to create an unlimited supply of the new money would require a great expenditure, not only of ink and paper, but also of time; while the necessity of the hour was for immediate relief, especially to trade.

"It was therefore decided to leave the troublesome question of equal distribution for a time unsettled, and endeavor first to relieve trade by doubling the volume of currency. In order to do this at once, and without cost to the Government for engraving, printing, paper, and ink, it was, therefore, enacted that every one having legal-tender currency might cut or divide the same into two equal halves or pieces, and that each of these halves or pieces so resulting should be a legal tender to the full amount that the whole had previously been.

"At first thought, this proposition to exclude all those who had no money from participation in the new supply seemed most palpably unfair and unjust, but a little consideration satisfied to the contrary; for unless it was proposed to give away the new money, it was obvious that those only would get it who had money."

After this experiment it was found that prices had simply doubled and no one was better off than before except the ones who had contracted debts, mostly large speculators—and the old people and widows and orphans who had to live on small savings were worse off by twice.

"In this way, through the school of hard experience, the people on the island came gradually to understand that there were certain economic truths which had got to be lived up to to insure national prosperity. They came to understand that property is a physical actuality, the result of some form of labor; that capital is that portion of the results of production which can be reserved and made available for new and further production; that money is an instrumentality for facilitating the distribution and use of capital and the interchange of products and services; that production alone buys production; that when one buys goods with a paper representative or symbol of money, the goods are not paid for until the representative is substituted by a value of some sort in labor, or money, or some other commodity; and finally, that a country and its inhabitants increase in wealth or abundance by increasing their products, rather than by multiplying machinery for the exchange of products.

"They also saw that the promises to pay which they had been using and regarding as money were debts; and that debts, as well as all other forms of title, are but shadows of the property they represent; and that, in endeavoring to get rich by first creating debts, then calling the debts money, and the money wealth, they had all been led, successively, into speculation, extravagance, idleness, and impoverishment; and they had lost much of real wealth resulting from previous industry by trying to make the shadow of wealth supply the place of its substance.

No economy in cheap money

"COMING gradually to realize, also, that one of the first requisites for an increase of trade was that confidence should exist between the buyer and the seller, but that such confidence never would exist so long as the representatives of value, or other intermediate agencies made use of for facilitating exchanges, were of an uncertain, fluctuating character, they also came finally to the conclusion that there was no economy in using cheap money; or, in other words, that the loss and waste inevitably resulting from the use of poor tools (money being a tool) was many times in excess of the interest accruing from any increased cost of good tools. So reasoning, gold, or undoubted promises to pay gold, gradually came once more into use as money on the island."

Coal—An Insider's Story

(Continued from page 15)

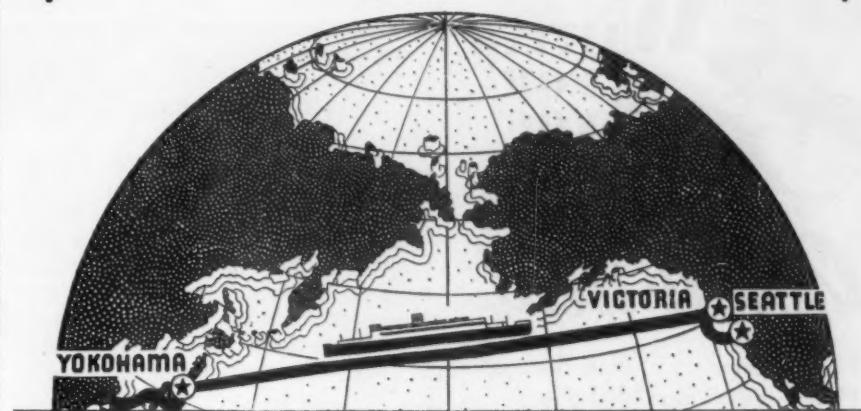
producing less than 400,000,000 tons, which is about what we dug in 1907. In 34 years we have had the most tremendous expansion of industry known in history. Factories sprouted like old potatoes. The big year for coal was in 1918, when the war called for every pound that could be produced.

Then we began to use natural gas and fuel oil in a big way. Hydroelectric plants took away some of the utilities, which had been among our best customers. Scientists found ways to get twice as much power out of a pound of coal as formerly. Sixty per cent of an operator's costs are for labor. A few men can operate gas and oil pipe lines. All they have to do is to turn a petcock here and there. Oil and gas are easier to use. If coal cannot undersell these fuels it will not be sold at all. How is it to get that extra one dollar or two dollars to pay the extra costs imposed by the code?

The farmer has been favorite

IF THE miners had had as generous treatment as the farmer, they would be on top of the world. How do you account for the fact that the farmer has always been the favorite of politics and the coal operator the step-child? Even if the farmer got nothing he was always petted. I can give you my own idea of the reason. There are 30,000,000 farmer votes, more or less. They are the ruling minority in almost every state while only 450,000 miners were employed in 1931. Add one vote for a wife and one for a grown son to each and you only have 1,350,000 miner votes. What's that against 30,000,000?

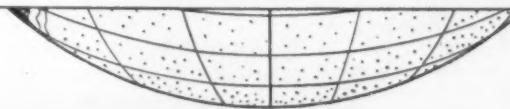
I'll tell you one thing it isn't. It is not a temptation for politicians to play fair. Yet the farmer is always, in good years and bad, in a better position than the miner. No matter if there is a drouth or a hailstorm the farmer can always get something off his farm. He can eat. He cuts his own fuel and can rive his own trees into shingles if there is a hole in the roof. The only thing he actually needs money for—by that I mean that, in a pinch, he can get along without money for other things—is taxes. He might need money for the interest on his mortgage, of course. A miner has nothing he can mortgage, the way the coal business has been lately. If a mine loses its market or runs into rock or is flooded, the operator may be ruined. Everything he has may go. His miners suffer with him. If they have no work, they have nothing to fall back on. If a



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Think of it! You can buy a new standard Remington Portable Typewriter for but 10¢ a day. Standard keyboard. Small and capital letters. Beautiful finish. Carrying case included free. Big help in school work. Write today. Say: Please tell me how I can get a new Remington Portable typewriter on your special 10-day free trial offer for but 10¢ a day. Remington Rand Inc., Dept. NB-1, Buffalo, N. Y.



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Write today for our plan.



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MULTISTAMP prints clear, perfect copies of anything typed, written, drawn or traced on its simple, inexpensive stencil. No type to set. No skilled operator needed. Noiseless Portable. Prints on any grade of paper, cardboard, on boxes, wood, metal, cloth, any smooth surface. Beats all high-priced duplicators.

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A cost EVERY business can afford without waiting. Made in four sizes. Printing surfaces from rubber stamp size to full page size. Prices ranging from \$7.50 to \$35.00 for completely equipped outfits with all supplies. Guaranteed Five Years. Over 300,000 in use.

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tornado were to wipe out his entire crop, the farmer would still have his farm left. A busted mine is the most busted thing there is. There is nothing left but a hole and no one wants the hole.

If the mining industry got a break comparable to that of the farmer, the owners of high cost mines would be getting a bonus to keep their mines in production. Cotton farmers and tobacco farmers and wheat farmers say they cannot make a living on the prices which have been paid lately for their produce. The Government arranged to pay them to decrease production. They are promised more per acre for doing nothing than they stand to make by working hard all year.

Nobody helps the operator

IF THE operators could not pay a decent wage—they have been paying every living nickel they can—the Government would take up the slack if the mining business were treated like the farming business. But no one ever helps the mining industry.

The operators were out-smarted at the code hearings, too. John L. Lewis talked rings around them. The president of the United Mine Workers is one of the smartest men in this country. He did not talk about costs. He talked about living conditions. The newspapers said the operators had been compelled to yield to the union's demands for checkweighmen. Made it look as though the operators were fighting against checkweighmen. Why, Good Hominy, the operators never objected to that. The public had just been fooled.

A checkweighman checks the weights of coal loaded on cars and brought out of the mine. He is not needed now, because almost all the mines have automatic weighing machines and the weights are printed on a tape. The miner can read them for himself if he wants to.

It is nothing to the operator if the miners have another checker. He cannot alter the weights. Once I heard an agitator hollering outside the office window of one of our mines:

"You got to demand a checkweighman," he said. "They're cheating you on the weights—"

"Put him in," I said. "At your own expense. Put in nine checkweighmen if you want to. But you're a set of damn fools."

They asked. "Why are we damn fools?" They knew me pretty well. We could talk sense together.

"You think that because I pay a checkweighman \$150 a month he will cheat on the weights in my favor, don't you?" I said to the agitator. "Did it ever strike you that if I did such a thing he could blackmail me the rest of my life? Or that if I could buy him for

\$150 a month you could buy him back for \$200?"

Some of the operators have objected to the cost of the automatic weighing machines and stick to the old-fashioned way of paying for coal by measure. There's where they are wrong. I've been a miner myself. A miner can crib up his coal in the car—stack up the big lumps in the bottom and pile the smaller sizes on it—and get paid for digging 400 pounds more coal than the car holds. If the operators want to do it that way, let 'em. They will learn better in the end.

The code provides that no miner may be compelled to live in a company house. That's all right. No one wants to make him live in a company house. But if he does not live there, where will he live?

When the Government years ago established the Marine Corps headquarters it built barracks to shelter the men. No one kicked about that. Everyone realized that the men must be housed. The miners must be housed, too. Mines are usually opened away back in the country, where there are no houses and sewers and electric lights. The men would not be content to roll up in blankets and sleep out on the hills. Nor would their wives. They have no capital with which to build houses. If they had the capital they would not use it, because they know that some day the mine will be worked out and the town deserted. Then their homes would not be worth a nickel. The operator has to use capital that he needs in other places to provide houses for them. The two dollars a month per room he charges as rent does not pay the cost of building and upkeep. Often he provides free coal—or coal at \$1.50 a ton as compared to the six or eight or ten dollars a ton the city workman pays—and cheap electricity and free gardens.

Miners trade where they wish

THE miner is not forced to trade at a company store, either. That time is long past. There are chain stores in every mining town and the company store must compete on a price basis. What the miner does is to run bills at his company store when he is out of work. He is never refused, if he is a decent man and works with fair regularity when work is offered him. Throughout this depression the coal operators carried their men. I do not know of any operator who refused credit for necessities to his men. The H. C. Frick Company in Pennsylvania has been under fire from the agitators in spite of the fact that it paid the highest wages and gave its men all the credit they needed at the store. That fact was brought out at the code hearings:

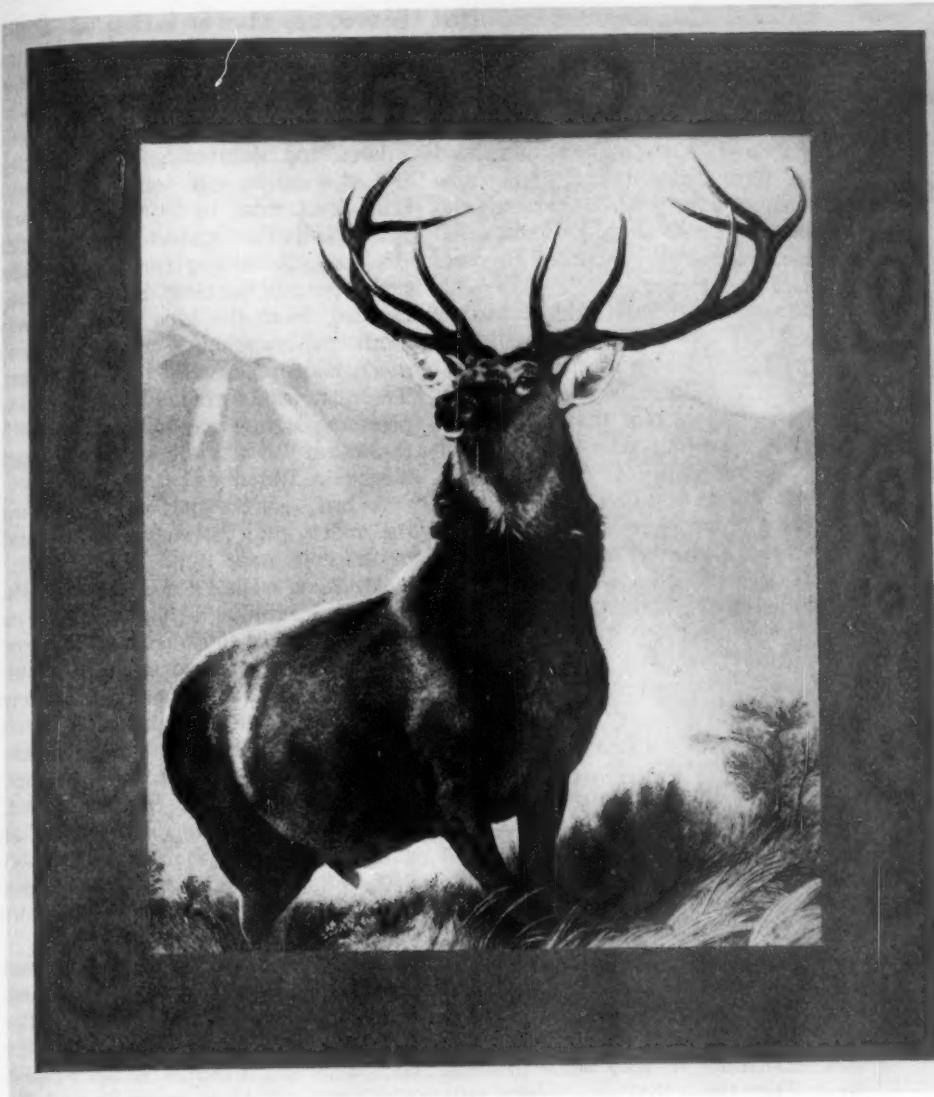
"Yes," was the reply of the union representative, "and then what did the

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H. C. Frick Company demand? That the miners pay their bills."

That was taken as a point against the Frick Company. Why shouldn't the miners pay their bills? They were pretty lucky men, it seems to me, to be carried during hard times. I am talking now of the entire industry. When an automobile manufacturer finds he cannot sell his machines, what does he do? He posts a notice in the factory:

"All men laid off until further notice."

That is taken as a matter of course. The men who have been laid off pay three times more rent than the miners do. They pay four times as much for their coal and twice or three times as much for their electricity and if they get credit for groceries it is granted by the grocer and the manufacturer stands from under. They have been caught in the same economic trap the miners have been caught in. But the miners can get along with the help of their employers. All the operators get is blame for it.

Miners don't understand

ONE reason why the coal operators have so much trouble—and a million and a half man-days lost by strikes in 1931 proves they have trouble—is because the miners do not understand what the operators are up against. That is the operator's own fault. If he talked turkey to his men they would shoot square with him. They are fooled by their own leaders. They do not understand either. At least some of them don't. They think that an operator sells his coal at the mine mouth and gets his pay. Just as simple as that. The superintendent of one of our mines wired me one day:

"Come on down. The men are talking strike. They want more money."

I told him to call a meeting at the schoolhouse that night. Every man in the mine was there and they told me their side of the story.

"I can't pay it," I said. "But you need not go on strike. I'll close the mine tomorrow morning. If any of you want to stay on you can live in your houses rent free. If you can find work somewhere else, I'll send your goods out by truck. It won't cost you a cent. Whenever you want to come back your jobs are open to you if the mine is running. No hard feelings."

They didn't want to quit. A miner never wants to quit. Not until somebody comes around and talks him into it. Mining is the finest job in the world for a laboring man. The temperature is always the same in the mines. Cool in the summer, warm in the winter, no rain or snow or frost, no time lost. He can work as many hours and days as he wants to. If he wants to quit and go to a ball game or catch up some sleep, who is there to stop him? He makes

good money when he works, too—and I mean good money—and he always has work when the operator can sell his coal.

There is the social aspect to be considered, too. A laboring man in a city is lost when he gets home. His neighbors don't want to listen to him tell what a hell of a time he had in the ditch that day. A mining community talks mines most of the time. Everyone is interested, from the kids to the grandmothers. Maybe that is why there is so much mine politics in a mining town. The men with force and power of expression see their way to good jobs with the union. Do not think I am against the union. But that is the truth.

At last I got the man who had stirred the miners into threatening a strike at my mine to stand up.

"Tell you what I'll do," I said. "You think that running a mine is easy. You think all I have to do is to sell the coal you dig and get my money at the mouth of the mine. You come down to my office and look over the books. Take all the time you want. Find out just how much it costs me to run this mine and whether I am making money or not. Then if you can go out and sell coal at a price I can afford to meet, I'll pay you \$400 a month and all your expenses. The more coal you sell for me, the more you will make."

He looked into the proposition and reported back to the miners that there was nothing doing. That was an end of that. The men found out for the first time what an operator is up against. They are not fools, when they know the facts. But they are being fooled all the time. Just as the public was fooled when it was announced that the new code forbade the use of child labor. There hasn't been any child labor in the mines—not for 20 years, at a guess. The operators know better, for one thing. Youngsters are careless and get into trouble. For another, the laws in every state that I know of forbid the use of boys under 16. But from the hurrah that was made you would think that mining conditions are just what they were years ago, when labor conditions everywhere were different from what they are today.

Coal must be sold quickly

COAL cannot be stored at the mines. It is run out of the mine and put on cars. As soon as the cars are loaded the railroad moves them. They must go to market, no matter what the market conditions may be. When the cars roll into a freight yard, the railroad holds them four days without cost. Then demurrage starts at \$7 a day. The selling agent begins to hustle as soon as he knows coal is headed his way, to stave off that demurrage. So do all the other sales agents. They can't afford to be caught

NATION'S BUSINESS for November, 1933

with coal in the yards. If there are ten agents in town and each has 100,000 tons of coal to sell and each offers his coal in ten different markets—you can see for yourself what the effect on the market will be. It is shot, that's all.

It gets shot at from other angles, too. When coal is mined it breaks into certain natural sizes. The operator may have a market for his lump coal and two or three other sizes and no market at all for his small stuff. He must get rid of it. Seven dollars a day demurrage would eat up the Washington Monument. He puts the stuff he cannot sell at a profit on the market for what he can get. He has no choice. He must get rid of it. Maybe his neighbor is in the hole. The bank is putting on the screws or his taxes are overdue or he owes royalties and must pay or surrender. He tells his agent to take what he can get for his coal and send him the money. That tears the market wide open.

It is a fact, too, that no two of the five thousand odd mines in the United States have precisely identical conditions. One may be wet or have a bad roof. The vein may end in an upthrust of rock. One of two mines, right alongside each other on the same creek, may be able to undersell the other by a dime a ton. It's a queer business.

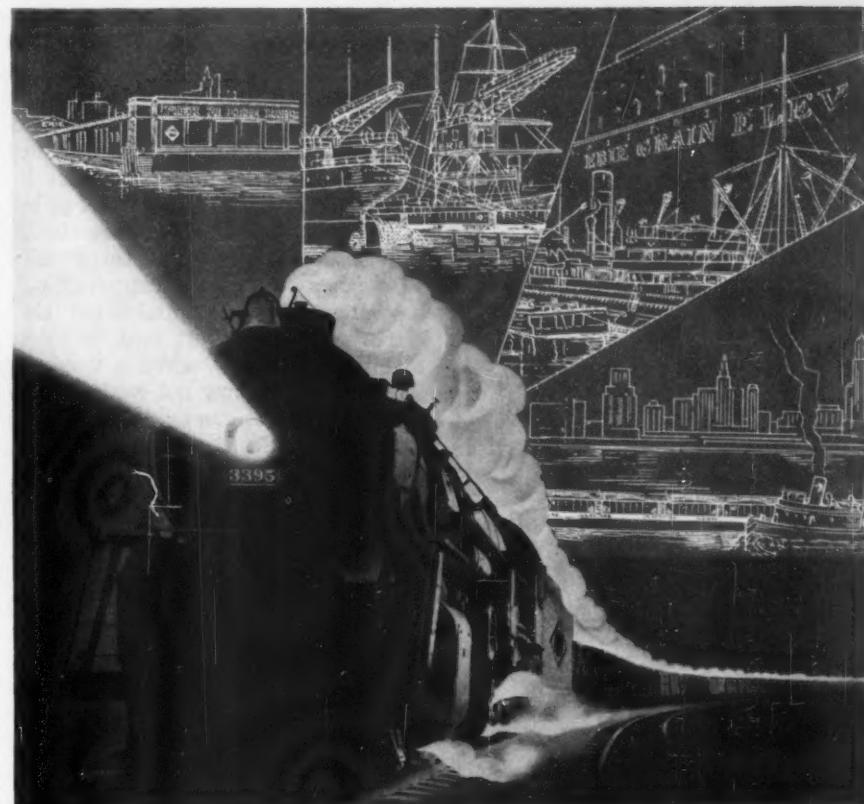
When times are good, the operators get along and even make a little money. They must have made some money or they could not have hired 450,000 men in 1931. But when the pinch comes, the high cost mines go out of production. Plenty of them will quit work under the new code. They will not be able to pay the increased costs. Others will begin to scalp their mines.

Coal wasted in the mine

IT IS possible for an operator to recover 90 per cent of the coal in his vein by driving galleries back to the farthest limit and taking out practically all the coal and letting the roof fall in behind the workings. But this is costly and sometimes an operator just skins out the coal which is most easily reached and wastes the rest. I doubt if 70 per cent of the coal is recovered on an average. In some of the skinned mines not more than 60 per cent is taken out. The rest is waste. An irreplaceable natural resource is wasted. A skinned mine cannot be reopened. Too dangerous and expensive.

Natural conditions made the coal business one of the most highly competitive in the world. Then the Government took a hand and made the operators fight each other.

There are 9,000 mines in this country although only 5,700 commercial mines are being operated. The working conditions and grades of coal and transportation facilities differ. It might have



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"Business men appreciate the stabilizing influence of the Red Cross on social and economic conditions, and will be happy to cooperate wholeheartedly in the conduct of the annual Roll Call, November 11th to 30th."

J.C. Harriman

President, Chamber of Commerce
of the United States

been possible theoretically for the various operators in the 92 different coal fields to get together on a marketing agreement and stop cutting each other's throats but the Government would not let them. The antitrust laws prevented that. Operators could not even say individually that if they sold coal at less than so much a ton they would go broke. The Government said that this smelled of monopoly. Lately the Supreme Court has approved the Appalachian Coal Agreement. The Court said, in effect, that if the scheme worked it would be all right. But it may not work.

In the Appalachian fields, 70 per cent of the soft coal of the United States is produced. But the members of the Appalachian Agreement do not produce more than 50 per cent of this. They have agreed that they will stop chiseling and put all their coal in the hands of specified agents. If the agreement covered the field it would be a fine thing—and it would be a monopoly. As it does not cover the field, how are the operators not in the agreement to be prevented from cutting prices? And if they cut prices, who will get the business? Then what becomes of the Appalachian Agreement?

The operators might be able to get along if it were not for the miners' union. I am not opposed to the principle of unionism. That is fine. But the way it works, it just makes trouble. The union officers seem never to consider what coal costs to produce or what it will bring on the market. They only think of the wages they can squeeze out of the operators. Here the freight rate differential comes in. It costs more to put down coal in Chicago, for instance, from the fields of West Virginia and Kentucky than from the Illinois mines. To make up for this difference the wages paid in the non-union mines of West Virginia and Kentucky have been less than in the Illinois mines. In this way they can sell in competition.

Unions require the check off

IF THE unionized operators can squeeze out the non-union operators, they can sell more coal. That is elementary. The easy way to squeeze them out is to compel the unionization of their mines. The unionized operators have submitted cheerfully to the check-off—which means that the union dues are subtracted from the miner's pay before he gets it. This is the life-blood of the union. Experience has shown that a miners' union does not flourish unless the dues are collected that way.

It is true that nothing in the code authorizes the check-off. But that means nothing. The captive mines of Pennsylvania refused to accept the check-off. They had prepared a statement of working conditions which runs parallel to the code. General Johnson

declared that the "check-off is an essential part of the working conditions." If that holds good for the captive mines it must also hold good for the commercial mines. If that is accepted by the operators, as some of the operators in Pennsylvania have already accepted it, then the United Mine Workers are in control of the situation. If they have unionized the mining industry almost 100 per cent, as they claim, and their revenues are ensured by the check-off, then they can fill the platter and all the operators can do is to eat the meat.

I do not say that when and if all the mines are unionized the union will demand higher wages for its men. But that is what the union always has done. Unless the price of coal is advanced, the operators cannot pay higher wages. How can the price of coal be advanced in face of the competition of the other fuels? Many times in recent history the non-union mines saved the situation by continuing operation when the union had declared its intention to shut every mine in the country unless their demands were granted. If they are unionized under the code they cannot do that again.

To put coal on its feet

WHAT would I do if I were czar of the mining industry? For one thing, I would organize a publicity bureau. I would tell the public the things that I have been telling it in this article. The public is fair when it understands a situation. So are the working miners. For another thing, I would ask the President to order the I.C.C. to reduce the freight rates on coal. Some coal is selling for \$1.50 a ton at the mine mouth and paying \$5 and \$6 a ton for freight to its market. If the railroads understood the situation, or if the I.C.C. did, the rates would be cut. Every time a factory owner pulls out his coal furnace and puts in an oil or gas burner the railroads lose the hauling of so much coal.

For another thing, I would say that a man who works underground has the same right to a show for his white alley that a man has who works on top. If the farmers are to be subsidized for the public good, the miners have the same right. The relative number of votes should not be considered. The taxpayer is shelling out for the whole circus anyhow. As long as he can pay, he will be on the side of fair play, if he knows what fair play is in a given situation.

Or I might turn back a few pages and read up on the old economic law. I might rule that only mines that can pay what the miners say is a living wage will be permitted to run. That would throw out the high cost mines and a lot of miners with them. The mines that remained would be sound financially. But then I am not czar.



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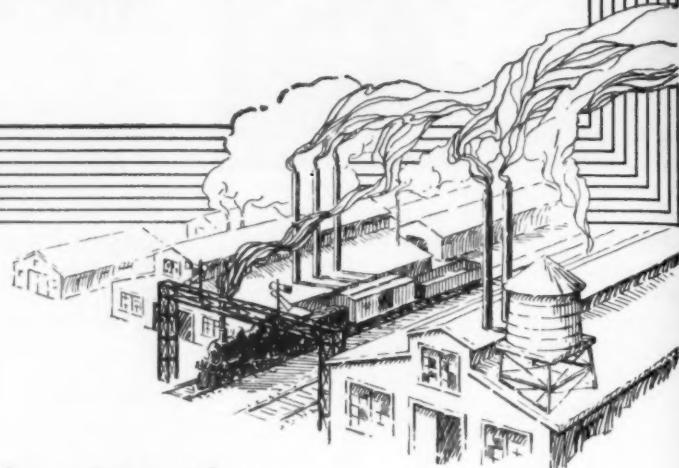
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What Bankers and Investors Discuss

 WHAT are the bankers going to do about new banking legislation in general and the deposit insurance section in particular?

They don't like the banking act of 1933, the Glass-Steagall Act, as a whole, and they don't like the deposit insurance provision at all, but they are reluctant to make any aggressive drive for a new bill or even for repeal of the guarantee clause.

At their Chicago convention the American Bankers Association urged a federal commission to study money, banking and central banking as one problem and presumably to recommend legislation.

"Take your time at it," the bankers suggested, though that wasn't their language. What they said was "this undertaking would entail prolonged effort." Meanwhile the Association suggested to Congress "the advisability of refraining from experimental amendments to our banking legislation and from experimental manipulation of our money system."

Insuring doubtful banks

ON deposit insurance the bankers were more certain. The Association "holds that the whole project for deposit insurance embodied in the law should be reconsidered and it reiterates its conviction that the postponement of the first phase of the project is of the first importance."

Here's one phase of the situation: After the bank holiday there was in some states a tendency on the part of the state banking commissioners to be rather lenient in permitting banks to reopen.

Some banks, in fact a good many, are still in a precarious position. Putting into quick operation the deposit guarantee plan might save the faces of some officials and permit these banks to operate. What would be the effect on sounder banks one can only speculate.

The danger of haste

ONE more quotation from the bankers' resolutions to show how they dealt with this question of examinations for banks

that seek to qualify under the insurance provisions:

If the attempt is made to hurry through arbitrarily strict examinations the result will be the suspension and liquidation of some thousands of banks which would deprive many communities of any banking facilities, and would entail new losses and new credit deflation that would unsettle business and impair the prospects of recovery. If, on the other hand, the necessarily hurried examinations should be lax and superficial, many institutions would be admitted to deposit insurance that cannot rightfully qualify for its privileges.

Depositors and guarantees

OUT in Oklahoma is a small bank with an independent, capable president and a fine record for depositors, borrowers and stockholders.

The president said to a banker friend in a large city:

"I don't want to join the Federal Reserve, but I'm afraid I'll have to. If my deposits aren't guaranteed I'll lose out to my competitors."

Said his big town adviser:

"Why don't you go back home, take space in your local paper and advertise along these lines:

"A bank is no better than the character record and reputation of its officers. You folks know me and my bank and if you want more information I'll give it to you. Now do you want your deposits in our bank to go to guarantee the deposits in a bank in another town which hasn't been as careful as we have been?"

The banker took the advice and as the story was told to me, his deposits have gone up steadily.

Anti-inflationists

THE warriors against inflation found new weapons and new strength recently from three quarters, the American Federation of Labor, the United States Chamber of Commerce, and the American Legion. William Green, president of the Federation, told the opening session of the Federation this:

Labor knows . . . that when dollars are cheapened commodity prices rise, but wages stand still, and until they can assure labor

that we will get more of these cheap dollars for the day's work we perform, so that it will conform with the increase in commodity prices, it is my judgment that labor will stand unflinchingly against inflation.

. . . When the worker earns a dollar he wants to be sure that that dollar is a real dollar and that it does not represent to him a reduction in buying power.

The National Chamber said:

We express to the President of the United States our assurance of the full support of the Chamber of Commerce of the United States of his conservative policy in the use of the inflationary power granted to him by the Congress to the end that there will not be issued, as against a policy of reasonable credit inflation, fiat money, or any action taken carrying similar consequence which must destroy the usefulness of our currency as a medium of exchange and a measure of value; render uncertain and hazardous forward commitments of all kinds including the lending of savings, and finally destroy that confidence which is the first consideration in the employment of both labor and capital.

One point on which employer and employee see eye to eye: "Don't monkey with money."

The Legion adopted a resolution reading:

Be it resolved by the American Legion in National Convention assembled that we favor a careful study by our Government of the dangers of inflation and that we favor a sound American dollar.

Since the resolution declared for "a sound American dollar" without specifying what kind of dollar, it was considered innocuous by some, but it might be held significant that in the discussion no one asked why the resolution called for a study of the dangers but not of the supposed benefits of inflation.

Uncle Sam as stockholder

BANKS, particularly those in the largest cities, are disturbed by the pressure from Washington to have them issue and sell preferred stock to the Reconstruction Finance Corporation. To the suggestion that such transactions would increase their working capital, they reply that they don't need working capital, that they have now more money

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than they can lend. The idea of the Government as a partner through the ownership of preferred stock seems to the banks to suggest the possibility of government representation on their boards and that is not welcome.

Making loans on hope?

THE banks say they have more money than they can lend. The Government is urging more credit expansion and loans to tide over industries which are obliged to readjust themselves to NRA provisions. Not unnaturally the banks are shy toward loans which seem to be based on a hope that business will improve.

Here's the way a banker with wide experience in commercial loans summarized the situation to me:

"You have, we'll say, \$10,000 on deposit in our bank. You have an acquaintance in the millinery business who says to you:

"I think business is going to be better. I have some good style ideas and I think I can make money this coming season. I've used up my capital and need cash to buy material and pay my workers. Lend me \$10,000."

"He has no other security and you ask, 'When do I get it back?'

"I don't know for sure," he says. "I hope to pay it off this year, but it may not be for two years."

"You're not willing to lend the money on the hope that business will be better and that he'll get his share or more of it. Should the bank lend him your \$10,000?"

Bankers and loans

BANKERS, I find, get near the point of losing their tempers when they are asked why they don't lend money as the Government would have them do.

"Lend!" said the vice president of a large metropolitan bank. "If a man with a good loan walked in, we'd chase him into a vault and keep him there until he'd signed a note."

"Loan?" said another banker. "I've got a letter right on my desk proposing to pay off a large loan."

"I wish I could reconcile it with my conscience [bankers have 'em] to tell him not to pay it off, but I can't. We don't want his money; we do want his loan."

No dearth of credit

"THAT there is no dearth of credit is evidenced by the huge excess reserves built up by member banks in the reserve system," says the *Wall Street Journal*, and gives the figure as \$700,000,000 for the country's member institutions, a new high record.

Money which might be lent isn't necessarily credit. Credit, says our dic-

tionary (among a dozen other definitions), is the "transfer of property on promise of future payment." When the banks have faith that the borrower can and will repay, when the borrower has faith that he can and will repay, there will be "no dearth of credit."

Seeking investments

THERE'S still money looking for investment. Here's a story:

A leading business man of one of the thinly populated northwestern states was in New York the other day asking his banking friends where to put some money.

He has a large wholesale business and various other interests. He's more than comfortably well off, but he doesn't know where to put his surplus. He has large cash deposits in Canada as a precaution.

He didn't get much help in New York and he left declaring his intention to buy Iowa farm lands. Not, he explained, that he expected to get any return from them, but that he thought his money would be safe there.

Too much is too much

THE New York Stock Exchange didn't move, but it came near it. It felt that it had been singled out for unfair taxation and restriction for many years and that the last city tax was too much. An officer of the Exchange told this story to illustrate the prevailing state of mind:

A tramp lay comfortably asleep in the sun indifferent to flies that lit upon his face. Finally a hornet alighted on a bulbous nose and stung it. The tramp sat up:

"Now," said he, "yez'll have to get off."

Uncle Sam as big banker

EVERY industry is concerned about the future. Management under the NRA codes may be a different thing from management as it was five years ago.

But of all industries, that of banking (if it is permissible to call banking an industry) would seem to have the most cause for uncertainty as to the future. The Government is competing in that field with billions of dollars of money.

Take the Postal Savings Banks alone. They have now \$1,184,948,000, a gain of \$1,027,672,000 since June, 1920. Add on the R. F. C. loans, the Farm Credit Administration loans, the Home Loan Bank loans, and you begin to see the Government in the banking business to the tune of ten billions or more. And there is the threat of direct loans to distressed business to tide them over their NRA troubles. Who wants to be a banker?



A Referee in SOLVENCY



HOUSEHOLD LOAN SERVICE

is available to families living in or near these ninety-three cities:

Albany, N. Y.	Kansas City, Mo.
Allentown, Pa.	Kenosha, Wis.
Alton, Ill.	La Crosse, Wis.
Altoona, Pa.	Lancaster, Pa.
Aurora, Ill.	Lansing, Mich.
Baltimore, Md.	Madison, Wis.
Battle Creek, Mich.	McKeesport, Pa.
Bay City, Mich.	Michigan City, Ind.
Beloit, Wis.	Milwaukee, Wis.
Binghamton, N. Y.	Moline, Ill.
Bloomington, Ill.	Muskegon, Mich.
Boston, Mass.	Newark, N. J.
Buffalo, N. Y.	New Castle, Pa.
Camden, N. J.	New York, N. Y.
Champaign, Ill.	Niagara, N. Y.
Chester, Pa.	Norristown, Pa.
Chicago, Ill.	Oak Park, Ill.
Cleero, Ill.	Oshkosh, Wis.
Cincinnati, O.	Paterson, N. J.
Davenport, Ia.	Pawtucket, R. I.
Decatur, Ill.	Peoria, Ill.
Des Moines, Ia.	Philadelphia, Pa.
Detroit, Mich.	Pittsburgh, Pa.
East Chicago, Ind.	Port Huron, Mich.
Easton, Pa.	Providence, R. I.
Eau Claire, Wis.	Racine, Wis.
Erie, Pa.	Reading, Pa.
Evansville, Ill.	Rochester, N. Y.
Flint, Mich.	Rockford, Ill.
Flushing, N. Y.	Saginaw, Mich.
Fond du Lac, Wis.	Scranton, Pa.
Fordham, N. Y.	Sheboygan, Wis.
Freeport, Ill.	South Bend, Ind.
Galesburg, Ill.	Springfield, Ill.
Gary, Ind.	Springfield, Mass.
Grand Rapids, Mich.	St. Joseph, Mo.
Green Bay, Wis.	St. Louis, Mo.
Hammond, Ind.	Superior, Wis.
Hempstead, N. Y.	Syracuse, N. Y.
Indianapolis, Ind.	Trenton, N. J.
Jackson, Mich.	Utica, N. Y.
Jamaica, N. Y.	Waukegan, Ill.
Jersey City, N. J.	Wausau, Wis.
Johnstown, Pa.	Wilkes-Barre, Pa.
Joliet, Ill.	Worcester, Mass.
Kalamazoo, Mich.	York, Pa.

IN bankruptcy everyone loses. It is the ragged badge of failure. Every self-respecting man abhors the legal refuge bankruptcy affords.

Business men and families need a referee in solvency . . . someone to safeguard the interests of the creditor as well as the debtor . . . someone to assure the creditor his money . . . to assure the debtor his self-respect.

Such a job is being done by Household Finance Corporation. It helps the man who can be helped by consolidating his debts and re-establishing him on the road to normal thrift. When Household is called in, the creditor gets his money; the debtor gets a new start, based on his capacity to pay. Over 80% of all borrowers use the money to pay overdue bills.

This corporation provides the consumer with a needed source of cash to meet his emergencies and opportunities . . . cash at the lowest possible cost consistent with sound business policy.

Business men know a retail price must cover operation costs and a reasonable profit. Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit renting the use of money to families at rates lower than $2\frac{1}{2}$ to $3\frac{1}{2}\%$ a month on unpaid balances now charged, Household will be found using these methods.

Recommend Household service to your delinquent customers . . . to your debt-burdened employees.

Seventy-seven per cent of the urban population of the United States lives in territory where personal finance agencies are provided under the Uniform Small Loan Law.

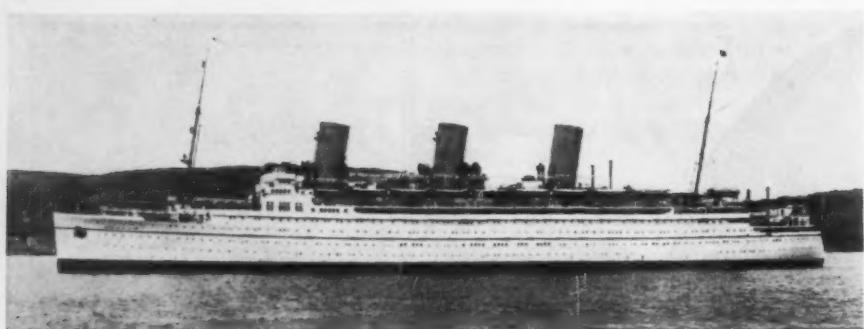
Of the fifty cities east of the Mississippi having a population of more than 100,000, only Washington, D. C., Birmingham, Ala., and Louisville, Ky. are deprived of personal finance service by inadequate legal provisions.

**HOUSEHOLD
FINANCE CORPORATION . . .
Headquarters: Palmolive Building, Chicago, Illinois**

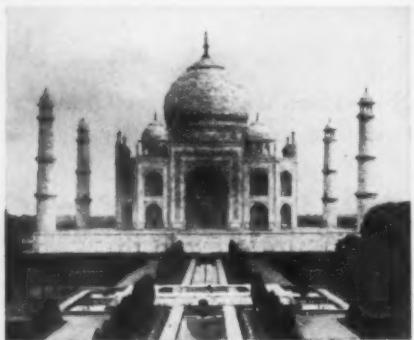


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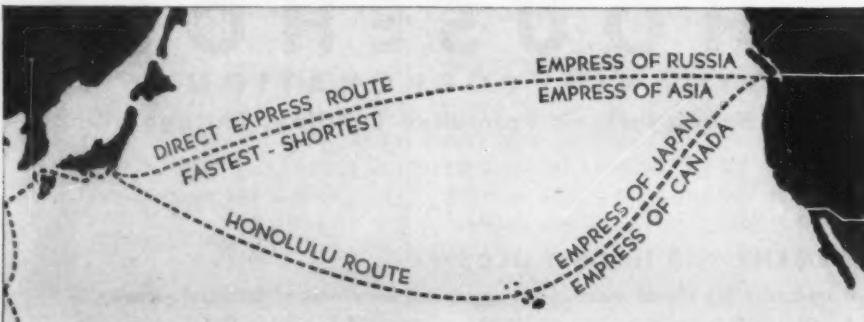


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Information, your own agent, or Canadian Pacific: New York, Chicago, Philadelphia, San Francisco, Montreal, Vancouver, and 29 other cities in the United States and Canada.



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Two Groups to Map Policies

DURING the weeks immediately preceding the opening of Congress in January, the Chamber of Commerce of the United States will lend its auspices to two regional meetings. One will be in the South, the other in the West. They are intended to provide business men and their organizations in those areas with a means of determining their position as to phases of the recovery program and possible legislation affecting sectional conditions.

South and west to meet

THE Southeastern Division meeting—embracing affiliated member organizations in Maryland, Virginia, West Virginia, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Florida and the District of Columbia—will be held November 20 and 21 at the Atlanta-Biltmore Hotel in Atlanta, Ga. Subjects with respect to which policies will be evolved include agricultural credit, commercial and industrial credit, the reopening of closed banks, the adjustment program for southern agriculture, and the effects of the NRA upon southern commerce. In the latter connection, there will be opportunity for discussing wage differentials under industrial codes.

On the program of the Western Division meeting at Sacramento December 4 and 5 are a number of nationally known speakers discussing subjects of such importance to the West as metal mining under the codes, development of foreign commerce, western aspects of the Agricultural Adjustment Act, Oriental relations, federal taxation and expenditures, public works, and trade relations with Russia. Delegates to this meeting will represent business organizations in California, Oregon, Washington and the Intermountain States, affiliated with the National Chamber.

At both meetings, President Henry I. Harriman, of the National Chamber, will discuss latest developments under the industrial codes and the NRA.

The opinions developed in the course of the meetings will take form in resolutions passed for the advice of the Board of Directors of the National Chamber, and of the representatives of the two areas in Congress. In both instances, these resolutions afford almost the last available opportunity for formulation and expression of business sentiment on sectional and national issues in advance of the opening of a session of Congress in which many of those issues will receive early consideration.

Canada's Radio Problem

✓ THE difficulties of putting the solution of business problems up to Government is being currently revealed by Canada's experience with radio. Here is the situation as viewed by the *Financial Post*, of Toronto:

The spendthrift Radio Commission heaps Ossa upon Pelion as it almost daily piles new burdens upon the shoulders of wearying taxpayers. At a time when hundreds of thousands of Canadian citizens are without jobs; when thousands of families are on relief, this dictatorial body is spending money like water, doing its best to ruin radio and the taxpayer at one and the same time.

On three counts the Radio Commission is to be condemned as a dangerous public body. It is extravagant and wasteful at a time when careful expenditure of public money is essential. It is dictatorial, autocratic and at the same time inefficient. And it has almost completely failed in the attainment of its original objectives.

Commission extravagance is written in an open book in which any taxpayer can read the sorry record of how he is to be made to pay up. The Commission is exceeding its budget. Not content with permitting its expenditures to run beyond its allotted income it is planning huge capital expenditures in addition. This week is announced a plan to build a new station in Montreal, already served by three efficient stations. The motive is obviously sheer pique; a powerful critic in *La Presse* must be chastened.

And the failure to accomplish the objectives of radio nationalization is likewise to be read in the record. There were three main purposes in setting up the Commission as a branch of government. They were to rid the air of excessive advertising; to Canadianize programs and stem the Americanization of the air in Canada; to give to the more sparsely settled areas of Canada programs equal in quality to those available in the thickly settled East.

The Commission has not rid the air of advertising; in fact it has simply shifted the emphasis from advertising of Canada to the advertising of the United States. Now it is planning to go into commercial broadcasting on a wide scale, to provide a coast-to-coast medium for radio advertising. The Commission was given no public mandate to carry out any such scheme.

The Commission has not Canadianized the air. A majority of its programs are said to originate in American studios.

The responsibility for nationalization of radio in Canada rests upon the prime minister. It is to Mr. Bennett that the country looks to control the Radio Commission, to bring it back to its original simple functions and to keep its expenditures within the proper bounds.

If the Government does not quickly show that it controls the Radio Commission the Commission will not be long in showing that it controls the Government.



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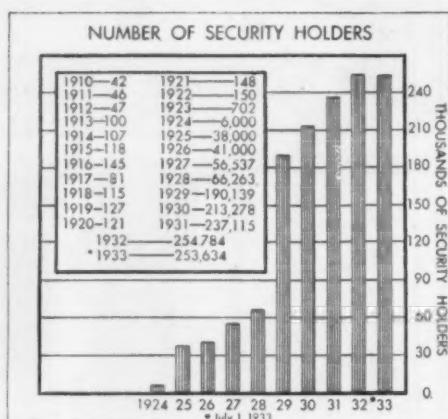
REGISTERED holders of Associated securities totalled 253,634 on July 1, 1933. This is a gain of 16,519 since January 1, 1932.

Holders overseas, excluding United States Possessions, are 10,268. They are found in 31 countries and their dependencies.

118,116 Customer Security Holders

Investors who are also customers using services supplied by Associated operating companies number 118,116. This is a gain of 13,081 over the total reported January 1, 1932.

Investors falling within the class of trust institutions, including



banks, trust companies, insurance companies, investment funds, and churches, totalled 9,229 on July 1, a gain of 1,997 during the previous eighteen months.

Associated Gas & Electric System

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Voyage 33 to the Orient and Round the World. But these people in stateroom 118 are on their way to California, from New York!

This isn't a puzzle. They're just smart people, having the time of their lives. Traveling to California on a real world-cruising liner, one of the famous President Liners that sail every Thursday from New York to California, thence to the storied places of the Orient and the world beyond. There simply is no finer way.

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The Tangle on Child Labor

VITUPERATION is not a substitute for argument but it is often used for that purpose. Vituperation has been visited upon Clarence E. Martin, president of the American Bar Association, for his reference to the proposed child labor amendment to the Federal Constitution.

In his presidential address, Mr. Martin left no room for doubt about his attitude toward child labor. "Child labor is inhuman," he said. "No laws can be too stringent or enforced too strictly to abolish it." But Mr. Martin, who devoted much of his address to the attack which he saw being made upon the powers of states, didn't approve of the way in which it was proposed to prevent child labor.

Can a vote be changed?

NEW questions of constitutional procedure and consequently the possibility of new constitutional problems in the future have appeared. These questions and problems the president of the Bar Association outlined:

When the Child Labor Amendment was submitted, all but six states rejected it. Nearly ten years have elapsed since then. Can a state, which has ratified or rejected an amendment, change that vote before final action by the states? Certainly it could not recall a ratification. Nine of the states have sought to change their respective votes this past year and ratify the amendment. Has the time limit for consideration expired—or are we still within that sphere, called by the Supreme Court, a reasonable time after proposal?

The amendment was proposed by Congress in 1924. It would empower Congress "to limit, regulate, and prohibit the labor of persons under 18."

But more than three-fourths of the states rejected the amendment. Although not all of them certified their rejections to the State Department, the Department has certifications of rejection by at least 21 states.

Recently the nature of certifications reaching the Department has changed. Certificates from 15 states are now on file ratifying the amendment. The recent notifications from two of these states are diametrically opposed to earlier notifications that they had rejected the amendment.

It seems clear that we have not reached the end of constitutional questions as to whether, if everyone agreed that there should be control of child labor, the control should rest with the states or with the Federal Government.